



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>



3 2044 102 872 322

Edw T 6438.97.775



Harvard College Library
THE GIFT OF
GINN AND COMPANY



3 2044 102 872 322

WILLIAMS & ROGERS SERIES

OFFICE ROUTINE

AND

BOOKKEEPING.

A METHOD OF TEACHING THE
SCIENCE OF ACCOUNTS
AND OF ILLUSTRATING THE
ROUTINE IN BUSINESS OFFICES.

FOR USE IN BUSINESS COLLEGES AND COMMERCIAL DEPARTMENTS.

INTRODUCTORY COURSE.

BY

GEORGE W. SCHWARTZ,
PRINCIPAL COMMERCIAL DEPARTMENT, PUBLIC SCHOOLS,
LOUISVILLE, KY., AND EXPERT ACCOUNTANT.

SCRIPT ILLUSTRATIONS BY E. C. MILLS.

NEW YORK ... CINCINNATI ... CHICAGO
AMERICAN BOOK COMPANY

Edw. 16438, 97, 775

HARVARD COLLEGE LIBRARY
GIFT OF
GINN & COMPANY
MARCH 17, 1927

COPYRIGHT, 1897,
BY
WILLIAMS & ROGERS.
W. P. 2

PREFACE.

The design of this book and the accompanying vouchers is to simplify the process of teaching and learning the principles and practice of bookkeeping, and the forms, nature and uses of ordinary business documents. This is accomplished by requiring the pupil to actually use the vouchers substantially as they are employed in business, and to make his bookkeeping records from them, being guided in his operations by carefully prepared and logically arranged directions.

Independent price lists have been introduced, which remove from the pupil the temptation to copy the work of other pupils.

It is believed that teachers will be pleased with the engraved script that is used in the text book and in the vouchers. These illustrations, with the emphasis which is persistently placed on the importance of superior mechanical work, cannot fail to have an influence on the appearance of the pupil's records.

SUGGESTIONS TO THE STUDENT.

Accuracy. The first essential of a bookkeeper is to be *absolutely accurate*. To acquire the habit of being accurate will require constant, persistent effort on your part. Learn to concentrate your thoughts upon your business—that of learning office routine and book-keeping—and never permit your mind to wander therefrom during your business (study) hours. It is in bookkeeping as in medicine: “An ounce of prevention is worth a pound of cure;” *careful thinking* before *doing* will prove a good *preventive* of errors, while much worry and waste of valuable time will be the *cure* for errors once made. It is better to spend a *minute* in thinking before doing than to spend an *hour* or more in detecting an error that has been made. Improvement is the direct result of thought and intelligent application; so, if you desire to improve you must think, *think*, THINK before acting. A practical knowledge of commercial calculations, and the ability to add correctly with ease and certainty are absolutely essential to insure accuracy in bookkeeping.

Neatness. A plain, business style of writing is the first and most important essential to neatness in bookkeeping. To acquire a good business style of writing will require much *thought* and *practice*. The script plates throughout the book will furnish you food for thought and material for practice. The arrangement of the work and attention to details are also very important and should receive considerable of your attention. Remember that “perfection is made up of trifles, and perfection itself is no trifle,” hence, the importance of observing all the details and instructions that are given. Last, but not least, neatness will assist you in acquiring accuracy, besides errors are more readily detected in neatly kept books than in those that are not neatly kept.

Dispatch. First of all be accurate; second, be neat, and let speed and facility come with practice, experience, and a thorough familiarity with your business. Remember that dispatch without accuracy and neatness is absolutely *worthless*. An inaccurate clerk or bookkeeper is *worse* than worthless, while a careless, slovenly bookkeeper is very soon displaced by one who is accurate and neat. Never hurry in your studies. It is better to have your mind filled with properly assimilated knowledge than to have your books filled with work that you do not understand.

Your Teacher. The duty of your teacher is to guide and direct you in your studies, but *not* to do your work for you, as thereby he would be doing you a positive *injury*.

Yourself. Rely upon *yourself*. Be industrious. Do not *injure* and *disgrace* yourself or waste your time by trying to copy from others, as it can not be done in this system without being detected.

OFFICE ROUTINE AND BOOKKEEPING.

Bookkeeping is the art, method or practice of recording business transactions. By the term business transactions is meant dealings between two or more persons. The object of keeping books is to enable the proprietor to ascertain at any time with certainty and ease any particulars regarding the business.

Methods. There are two methods of keeping books, termed Double Entry and Single Entry. In Double Entry Bookkeeping accounts are kept with persons and things. In Single Entry Bookkeeping accounts are kept with persons only. Single Entry will be introduced later. The following pertains to Double Entry.

Books required. Originally three books were used in recording business transactions; viz, Day Book or Blotter, Journal and Ledger. The Day Book and Journal are now usually combined. This form of book is known as the Day Book-Journal.

The Day Book-Journal contains a statement of the business transactions and the Debits and Credits arising therefrom, arranged in convenient form for transferring to the Ledger. Deciding upon and arranging the Debits and Credits in the Day Book-Journal is called *Journalizing*. Debit is abbreviated Dr. Credit is abbreviated Cr.

The Ledger is the book of accounts.

An Account consists of Debits and Credits of a like nature, systematically arranged, and is a statement of debt, either owed to the business or owed by the business. The left side of an account is the Debit, and the right side the Credit. Transferring the debits and credits to the proper accounts in the Ledger from any other book is called *Posting*.

GENERAL RULES FOR DEBITING AND CREDITING.

- | | |
|---|---|
| 1. <i>DEBIT* the account that has received value, because it has become indebted to the business.</i> | 2. <i>CREDIT the account that has supplied value, because the business has become indebted to it.</i> |
|---|---|

*To debit an account means to *charge* it with the value received. Many bookkeepers use the term *charge* instead of *debit*.

TO THE STUDENT.

Model Set. On the following four pages a set of books, consisting of a Day Book-Journal and Ledger, is illustrated. The object of this set is to give you a general idea of the arrangement and appearance of a simple set of books; also to serve as a model, which you are to copy a sufficient number of times to enable you to acquire a neat, business-like style of writing, to arrange your work properly, and to enable you to make good figures rapidly.

March 1, 189-

L. F.	Journal Entry	Explanation	Dr. Amount	Cr. Amount
	Cash	Wm Wood comm	5000	
	Wm. Wood	menced business		5000
		investing cash		
	Mdse	Bot for cash	320	
	Cash	500 bu Wheat 64¢		320
	Expense	Bot books for of-	1850	
	Cash	fice use		1850
	Cash	² Sold for cash	140	
	Mdse	200 bu Wheat 70¢		140
	Mdse	³ Bot on acct	340	
	J. W. Winter	400 bu Oats 25¢ 100		340
		600 " Corn 40¢ 240		
	Mdse	Bot on acct	1400	
	S. W. Snow	400 abrls Flour 3.50		1400
	Jas. Spring	⁴ Sold on acct	250	
	Mdse	500 bu Corn 50¢		250
	J. W. Winter	⁶ Paid on acct	250	
	Cash			250
	M. Sumner	⁵ Sold on acct	1600	
	Mdse	400 abrls Flour 4.00		1600
	Cash	Recd on acct	200	
	Jas. Spring			200
	Bills Rec	¹⁰ Recd his note	1600	
	M. Sumner	in full of acct		1600

<i>S W Snow</i>	¹² <i>Gave him my</i>	<i>1 000</i>	
<i>Bills Pay</i>	<i>note on acct</i>		<i>1 000</i>
<i>Wm Wood</i>	¹⁵ <i>Drew for private</i>	<i>75</i>	
<i>Cash</i>	<i>use</i>		<i>75</i>

FIRST POSTING EXERCISE.

In performing the work outlined herewith, read the first direction, then do the work as instructed. Read the second direction and do the work. Continue taking up the directions *one* at a time, performing the work as directed. Consult your teacher on any point you do not fully understand.

1. Copy the Model Day Book-Journal given on pages 2 and 3, on journal paper, observing every detail closely as you proceed. 2. Write the headings or names of accounts on ledger paper as you find them in the Model Ledger, given on pages 4 and 5. 3. Begin with the first debit, *Cash*, in the Day Book-Journal, trace it to the Cash account in the Model Ledger, after which post it to *your* Ledger (on the Dr. side of Cash account) as you see it in the Model Ledger. 4. In *your* Day Book-Journal, in the column headed L. F. (Ledger Folio) write the number (1) of the page to which you have posted, opposite the word *Cash*, to show that it has been posted. Writing the number of the page opposite an item in the Day Book-Journal or any other book to show that it has been posted is termed *checking* or *post marking*. 5. Take the first credit, *Wm. Wood*, trace it to Wm. Wood's account in the Model Ledger, and post in *your* Ledger (on the credit side of Wm. Wood's account) as shown in the Model Ledger. 6. Check in *your* Day Book-Journal by placing *1* in the column to the left of Wm. Wood's name.

Trace the second debit, *Merchandise*, in the Day Book-Journal to the Merchandise account in the Model Ledger. 2. Post to *your* Ledger (on the Dr. side of Merchandise account) referring to the Model Ledger. 3. Check in the Day Book-Journal opposite the item just posted. 4. Trace the credit, *Cash*, to the Cash account in the Model Ledger. 5. Post to *your* Ledger (on the credit side of Cash account) as shown in the Model Ledger. 6. Check in the Day Book-Journal opposite the item just posted.

Trace the third debit, *Expense*, to the Expense account in the Model Ledger. 2. Post to *your* Ledger, observing all the details given in the previous instructions. 3. Check in the Day Book-Journal opposite the word Expense. Have you posted to the debit side of Expense account? 4. Trace the credit, *Cash*, to the Cash account in the Model Ledger. 5. Post to *your* Ledger, referring to the entry as given in the Model Ledger. 6. Check in the Day Book-Journal.

Continue until you have posted every entry in the Day Book-Journal to the Ledger, following the instructions as given above. Proceed to make a Trial Balance as explained on pages 6 and 7; after which present your work for approval. Then copy the Day Book-Journal, post to the Ledger and take a Trial Balance, referring to the script illustrations, carefully following the style of the writing and figures, the arrangement and general appearance of same. Copy several times more, or until you can produce work that is satisfactory to your teacher.

Wm. Wood

<i>189-</i>		<i>189-</i>	
<i>Mar</i>	<i>15</i>	<i>Mar</i>	<i>1</i>
			<i>75</i>
			<i>5000</i>

Cash

<i>189-</i>		<i>189-</i>	
<i>Mar</i>	<i>1</i>	<i>Mar</i>	<i>1</i>
			<i>320</i>
	<i>2</i>		<i>1850</i>
	<i>8</i>		<i>250</i>
			<i>275.50</i>

Merchandise

<i>189-</i>		<i>189-</i>	
<i>Mar</i>	<i>1</i>	<i>Mar</i>	<i>2</i>
			<i>140</i>
	<i>3</i>		<i>250</i>
	<i>3</i>		<i>1600</i>

Expense

<i>189-</i>		<i>189-</i>	
<i>Mar</i>	<i>1</i>		
			<i>1850</i>

J. W. Winter *Main City*

<i>189-</i>		<i>189-</i>	
<i>Mar</i>	<i>6</i>	<i>Mar</i>	<i>3</i>
			<i>340</i>

S. W. Snow Market City

Market City

159-
Marr 2

11000

Mar 3

1 1400

Gas. Spring Detroit Mich

189-
Mar 4

1 | 250

189-
Mar 8

1 | 200

M. Sumner Troy N.Y.

189-
Mar 8

1,1600

189-
Mario

11600

Bills Receivable

189-
Mario

1 1600

Bills Payable

189-
Mar 12

1 | 1000

TRIAL BALANCE.

You will observe that in the Model Day Book-Journal the debits and credits are equal in amount—the total of the Debits is equal to the total of the Credits. This being the case, it is evident that if no errors were made in posting, the Ledger debits and credits must also be equal in amount. To ascertain whether the debit and credit sides of the Ledger are equal, we make a test by taking a *Trial Balance*. Trace the small pencil footings of each account in the Model Ledger to the Trial Balance given below. When there is but one item on either side of an account it stands to reason that no footings are required, as there is nothing to add, but do not fail to enter such items in the Trial Balance. Pencil foot (in very small, neat figures) the accounts in *your* Ledger, and proceed to make a Trial Balance. Add both sides of your Trial Balance to see that they agree, after which submit your work to your teacher for approval, and ask questions on any point you do not fully understand.

Trial Balance. March 15, 189—

L. F.			
	Wm. Wood	75	5000
	Cash	5340	66350
	Mdse.	2060	1990
	Expense	1850	
	J. W. Winter	250	340
	S. W. Snow	1000	1400
	Jas. Spring	250	200
	Bills Rec.	1600	
	Bills Pay.		1000
		1059350	1059350

NOTE.—All ruling should be done in red ink unless otherwise instructed by the teacher.

Instead of carrying the footings of the Ledger accounts to the Trial Balance, it is the practice among bookkeepers to carry only the balances (differences between the debit and credit footings) to the Trial Balance. The Trial Balance of the Model Ledger, when balances are used instead of footings, will appear as given on next page. Compare same with your Ledger balances, and employ this method when taking Trial Balances in your subsequent work.

TRIAL BALANCE, MARCH 15, 189-. (Balance Method.)

L. F.				
1	Wm. Wood,			4925
	Cash,	4676	50	
	Merchandise,	70		
	Expense,	18	50	
	J. W. Winter,			90
	S. W. Snow,			400
	Jas. Spring,	50		
	Bills Receivable,	1600		
	Bills Payable,			1000
		6415	00	6415 00

Having copied the preceding Day Book-Journal, posted the Ledger and taken the Trial Balance the required number of times, you will lay aside your book and all of your book-keeping work, except one copy of your Day Book-Journal, from which you are to post up a Ledger and take a Trial Balance without referring to any model. After this is done, and you have satisfied yourself and your teacher that you can post readily and accurately, consult him in regard to proceeding. Your writing should show a marked degree of improvement by the time you have reached this point; if not, you will have to improve it, as good writing is one chief essential of good bookkeeping. It would be a waste of time to proceed without being able to do creditable work. You should establish correct habits at the very beginning. Preserve the best copy of your Model Ledger and Trial Balance, as you will need them later.

OBSERVATIONS.—Since the primary object of business is to acquire wealth, it is the custom of most merchants "to close" their books once a year to ascertain whether their business for the year has been prosperous or not. To close the model set in a systematic manner, you would be obliged to employ the processes for closing books as explained on pages 33 to 40 inclusive. To acquire a thorough understanding of those processes, it will be necessary for you to first learn and put into practice the fundamental principles of making bookkeeping records as presented and explained on pages 9 to 28 inclusive.

While you will not be able to employ the systematic processes used by the practical bookkeeper in determining whether Wm. Wood's business has been a prosperous one or not, you can, however, ascertain for yourself, by the aid of the instructions given below, what the condition of the business is.

Looking at the first entry in the Model Journal you find that Mr. Wood put into the business \$5000 in cash. The Trial Balance shows the amount of cash on hand at the close of the business period to be \$4676.50, which makes it appear that there has been a loss. But you are to consider that there is now \$50 due the business from Jas. Spring; also M. Sumner's note for \$1600. (See Trial Balance.) You will find by referring to the Model Journal that the goods purchased have not all been sold; 500 bu. Wheat have been bought, while 200 bu. have been sold. The remaining 300 bu., valued at 64¢ (the cost price), amount to \$192. (See Model Journal.) The Oats purchased remain unsold, 400 bu., valued at 25¢, amount to \$100. Of the 600 bu. Corn bought, 500 bu. have been sold; the remaining 100 bu. at 40¢ amount to \$40. Adding \$4676.50, the cash on hand; \$50, amount due from J. Spring; \$1600, amount due from M. Sumner on note; \$192, value of Wheat unsold; \$100, value of Oats on hand; and \$40, value of Corn not sold, you have \$6658.50, which would be the present value of Mr. Wood's business were there nothing due other parties.

You will find by referring to the Trial Balance that there is due J. W. Winter \$90, and S. W. Snow \$400; also a note favor S. W. Snow for \$1000, making a total of \$1490. Subtracting \$1490, the amount due other parties, from \$6658.50 gives you \$5168.50, the present value of the business.

Mr. Wood started in business with \$5000; he withdrew for private use \$75, thereby reducing the value of his interest in the business to \$4925. Subtracting \$4925 from \$5168.50, the present value, gives you \$243.50, the amount gained.

SECOND POSTING EXERCISE.

Make a neat copy of the following Journal, post same to a Ledger, placing four accounts on a page; then test the accuracy of your posting by taking a Trial Balance, using the balances instead of the footings. When completed, present to the teacher for approval; then preserve same for future use.

SEPT. 16, 189-.

Cash,	Jos. Winter,	Jos. Winter commenced business and invested,	8500		8500
Expense,		Paid one month's rent,	75		75
Cash,		17.			
Mdse.,		Bo't for cash	850		850
Cash,		200 yds. Broadcloth at 4.25,			
Cash,		18.			
Mdse.,		Sold for cash	250		250
		50 yds. Broadcloth at 5.00,			
Mdse.,		19.			
H. M. Royal,		Bo't on account	765		765
		800 yds. Fancy Cass. at 2.55.			
H. M. Royal,		20.			
Cash,		Paid on account,	500		500
Mdse.,		Bo't on account	645		645
A. G. Rudolph,		150 yds. Broadcloth at 4.30,			
A. G. Rudolph,		21.			
Bills Payable,		Gave him my note	500		500
		on account,			
B. Hermann,		22.			
Mdse.,		Sold on account	440		440
		80 yds. Broadcloth at 5.50,			
Cash,		23.			
B. Hermann,		Received on account,	250		250
Jno. Frey,		24			
Mdse.,		Sold on account	525		525
		175 yds. Fancy Cass. at 3.00,			
Bills Receivable,		25.			
Jno. Frey,		Received his note	400		400
		on account,			
Mdse.,		26.			
Jacob Hauser,		Bought on account	720		720
		800 yds. Blk. Cass. at 2.40,			
Jno. Hauser,		27.			
Mdse.,		Sold on account	300		300
		100 yds. Blk. Cass. at 3.00,			
Jno. Frey,		28.			
Mdse.,		Sold on account	240		240
		80 yds. Blk. Cass. at 3.00,			
Jos. Winter,		29.			
Mdse.,		Took for private use	12 75		12 75
		8 yds. Broadcloth at 4.25,			
Expense,		30.			
Cash,		Paid drayage bill,	6 50		6 50

KEEPING BOOKS FOR C. W. HAMMOND.

You are now to become the bookkeeper for C. W. Hammond, Wholesale and Retail dealer in General Merchandise, 122-124 Main Street, City. Mr. Hammond, having confidence in your ability and integrity, gives you a Power of Attorney to transact business and sign all the business papers requisite to carry on the business. He will make all purchases and sales, and you are to receive the goods purchased, and deliver the goods sold; also, make all records in the books.

Being a novice in business, you will be subject to the directions of those who are able to direct you. Do every thing you are told to do. Remember you are a learner, not a business man. Business can not be done in the school room, and is represented only to teach business routine and make bookkeeping more practical than it is possible without the vouchers (business papers) and the representatives of the commodities in which you are dealing.

You will practically get the same experience you would get were you engaged in a real business, and will be confronted with the same problems that confront the bookkeeper in a business house. Bills of the goods bought and other business papers will be handed to you by the teacher, just as the letter carrier delivers the mail to the bookkeeper or manager in an office. These papers are similar in every respect to those used in business. All business papers issued are to be written up by you, and the records made in the books just as this work is done by the bookkeeper in business.

The work in your books will not be like any other student's work. The capital invested will be different in amount. Your selling list will be assigned to you by your teacher, and you must adhere strictly to it if you desire to get correct results. No advantage is to be derived from comparing your work with that of other students, as of necessity the work is different. Be self-reliant and you will succeed.

Before making an entry in your books, it will be necessary for you to determine the *debit* and *credit* to which the transaction gives rise. This you will do by applying the Special Rules for the accounts to be debited and credited, to which you will be referred by number. After you have made the entry, your next step will be to learn the *reason* for debiting and crediting as you did, which may be done by studying the General Rules for debiting and crediting.

Carefully study the following accounts and answer the questions.

Cash. Under this title everything considered money is to be entered; as Specie, Bank Bills, Checks, Bank Drafts, Postal, Express, and Telegraph Money Orders, etc.

The Special Rules for debiting and crediting Cash are as follows:

3. *DEBIT Cash when it is received by the business.* 4. *CREDIT Cash when it is parted with by the business.*

The difference between the sides of the Cash account will show the cash on hand. The credit side of this account can not be greater than the debit side, since it is impossible to pay out more than has been received. Cash on hand is a *Resource*. An account exhibits a *Resource* when it represents property on hand, or an amount owing to the business.

TRANSACTIONS ILLUSTRATING THE CASH ACCOUNT.

March 1. Received cash of the Proprietor, \$500. March 2. Paid cash for rent, \$20.
 March 3. Received cash for merchandise, \$140. March 4. Paid Jas. Harris cash on account, \$50.
 March 5. Received cash of John West on account, \$80.

Cash

1899 Mar 1		1899 Mar 2	
3		4	
5	$\begin{array}{r} 720 \\ 70 \\ \hline 650 \end{array}$	5	<i>Balance</i>
			20
			50
			650
			720
Mar 5	<i>Balance</i>		720
			650

* Write the above line in red ink unless otherwise instructed by the teacher. It has been a prevailing custom to balance accounts in red ink and to bring the balances below the ruling in black ink. There are many good bookkeepers, however, who use but one color of ink on their books. The tendency at the present time seems to be toward one color. You are to use red ink in all your work wherever directed to do so, unless you receive instructions to the contrary from your teacher.

The above illustration shows that Cash account has received \$720 and parted with \$70, leaving a balance of \$650, which is a *Resource*. The balance as shown by the Cash account should agree with the actual amount on hand.

QUESTIONS.—What is to be entered in the Cash account? What is considered money? When is cash debited? When credited? What does the difference between the two sides of the Cash account show? Is cash on hand a resource or a liability? Which side of Cash account must be the greater, when there is any difference? Why?

The Proprietor's Account. The person engaging in business has an account opened under his own name, in which are to be entered the sum or sums by him invested or withdrawn, and, at stated periods, the net gain or net loss resulting from the prosecution of the business. The title *Stock* was formerly used instead of the proprietor's name. When several persons are engaged in a business they are known as partners, and each partner is credited for his investment and debited for all withdrawals.

The Special Rules for debiting and crediting the Proprietor's account are as follows:

- | | |
|---|--|
| <p>5. <i>DEBIT the Proprietor for his liabilities assumed by the business.</i></p> <p>6. <i>DEBIT the Proprietor for amounts drawn from the business for his private use.</i></p> <p>7. <i>DEBIT the Proprietor for the Net Loss.</i></p> | <p>8. <i>CREDIT the Proprietor for his investment at commencing business.</i></p> <p>9. <i>CREDIT the Proprietor for subsequent investments.</i></p> <p>10. <i>CREDIT the Proprietor for the Net Gain.</i></p> |
|---|--|

The difference between the sides of the Proprietor's account at commencing business is called the Net Investment. The difference in the account at the close of business, after the Net Gain or Net Loss has been transferred to it, is called the Net Capital or Present Capital.

TRANSACTIONS ILLUSTRATING THE PROPRIETOR'S ACCOUNT.

James Munsey, Proprietor. June 1. Invested: Cash, \$5,000; Merchandise per Inventory, \$2450; H. J. West's note, \$500. His Liabilities are: Note favor of E. W. Martin, \$1000, with interest accrued, \$60. June 15. Withdrew for private use, \$75. June 30: On closing books the Net Gain is found to be \$632.

James Munsey

June 1		1000	June 1	5000
	7950 1060 6890	1060		2450
		75		7500
30	Pres. Capital	7447	30	Net Gain
		8582		632
		8582		8582
			June 30	Pres. Capital
				7447

*To be written in red ink.

The above account shows that the total investments are \$7950, and the total liabilities are \$1060, making a Net Investment or Capital of \$6890. This Capital is diminished by the withdrawal of \$75, and increased by the Net Gain of \$632, making the Present Capital \$7447.

QUESTIONS. For what is the Proprietor credited? For what is he debited? What is the difference between the sides of the Proprietor's account at commencing business called? What is the difference called after the Net Gain or Net Loss has been entered in the account? What title is sometimes used instead of the Proprietor's name? What is a partnership?

Explanations in Ledger Accounts. Formerly it was the custom of bookkeepers to write the name of the credit account of an entry in the explanation column of the debit account of the same entry. Likewise in the explanation column of the credit account of an entry, the name of the debit account was written. As the writing of the names of opposite accounts in the explanation columns of ledger accounts conveys no *practical* information, and only creates unnecessary labor, it has been discontinued by progressive bookkeepers.

Other information of a more practical character may be, and often is, written in the ledger accounts; such as the terms on which a bill of goods was purchased or sold, the amount of discount received from or allowed to a person, and the initials of the books from which postings are made when there is more than one book of original entry, so that reference to the original entry can be made with ease and certainty, etc. The original part of a *closing* entry should be written in red ink to distinguish it from those items that are transferred from other books or accounts, and should have the name of the account to which it is transferred written in the explanation column. The record in the account to which it is transferred should be made in black ink, and should include the name of the account which contains the original part of the entry.

In posting from the books of original entry the student will observe the instructions given, unless otherwise directed by the teacher.

NOTE.—In law the book containing the original entry is the Day Book, whether such book is the Day Book, so called, or the Day Book-Journal, Sales Book, Cash Book, or any other book or record. Such books of original entry become the basis for all explanations, and are the only business records admitted as evidence in court. Such records to possess value as evidence must be clear and complete and *free from erasures*. A material alteration in an entry in a book of original entry taints the record, and sometimes makes it worthless. When a mistake is made in a book of original entry it should be corrected in such a manner as will make the fact that it was a mistake apparent; in other words, the evidence of the mistake should be preserved. Erasing should never be resorted to in a book of original entry.

SELLING PRICE LISTS.

	1	2	3	4	5	6	7	8	9	10	11	12	13
Apples per bbl...	1.80	1.76	1.81	1.77	1.82	1.78	1.83	1.79	1.84	1.90	1.97	1.91	1.86
Barley per bu...	38	48	39	50	40	28	37	20	42	29	43	31	44
Beans per bu...	1.75	1.52	1.59	1.62	1.74	1.51	1.61	1.58	1.64	1.73	1.53	1.65	1.56
Butter per lb....	24	22½	25	26½	22½	28	27½	25½	26	23	25½	29½	26½
Clover-s'd per bu.	4.02	4.14	4.18	4.32	4.38	4.04	4.40	4.30	4.12	4.26	4.06	4.28	4.34
Corn per bu. ...	34	31	36	38	32	41	45	48	53	33	51	35	50
Coffee per lb....	18½	24½	18½	19	20½	19½	21	20½	22	18½	21½	22½	23
Eggs per doz....	16½	17½	18½	16½	17½	18½	19	20½	20½	18½	17	19½	21
Flaxseed per bu.	1.81	1.69	1.65	1.51	1.45	1.79	1.43	1.53	1.71	1.57	1.77	1.55	1.49
Flour per bbl. ...	4.50	4.74	4.72	4.61	4.52	4.71	4.69	4.53	4.65	4.57	4.67	4.59	4.55
Hams per lb. ...	18	17	16	17½	16½	15½	15½	14	13½	15½	17½	14½	13½
Lard per lb.	12½	14½	11½	10	14	08½	09½	11½	10½	13½	11	07½	10½
Molasses per gal.	49½	48	47	45½	37½	38½	41	43½	45	48½	42½	38	39½
Oats per bu.	46	49	44	42	48	39	35	32	27	47	29	45	30
Peas per bu.	1.41	1.64	1.57	1.54	1.42	1.65	1.55	1.58	1.52	1.43	1.63	1.51	1.60
Potatoes per bu.	41	45	40	44	39	43	38	42	37	31	24	30	35
Rye per bu.	41	31	40	29	39	51	42	49	37	50	36	48	35
Sugar per lb.	10½	05½	11½	10½	09½	10	08½	09	07½	11	07½	07	06½
Tea per lb.	27	28½	29½	31	39	38	35½	33	31½	28	34	38½	37
Wheat per bu...	99	75	77	88	97	78	80	96	84	92	82	90	94

AMOUNTS TO BE INVESTED.

	1	2	3	4	5	6	7	8	9	10	11	12	13
	8100	7300	9500	7500	7100	8200	7600	8000	8800	7400	8900	8300	7200

C. W. HAMMOND'S BUSINESS.

To the Student. Bear in mind that you are about to keep the books of the "business" of which Mr. Hammond is the Proprietor, and not merely the accounts of Mr. Hammond. The *business* receives and parts with (supplies) value, and, so far as the books are concerned, Mr. Hammond is merely one of the persons with whom the business has dealings. As you have learned, an account is kept with him, and he is credited with the capital he invests (value supplied to the business) and is charged (debited) for what he receives from the business.

SELLING PRICE LISTS (Continued).

	14	15	16	17	18	19	20	21	22	23	24	25
Apples per bbl.	1.92	1.87	1.93	1.88	1.94	1.89	1.95	2.00	1.96	1.99	1.85	1.98
Barley per bu.	32	46	33	45	34	47	35	26	36	49	41	27
Beans per bu.	1.63	1.72	1.54	1.67	1.60	1.68	1.71	1.55	1.69	1.66	1.57	1.70
Butter per lb.	27	30½	23½	29½	28½	30	27½	29	28½	24½	24½	23½
Clover-seed per bu.	4.08	4.22	4.48	4.16	4.46	4.44	4.36	4.50	4.20	4.24	4.42	4.10
Corn per bu.	43	52	40	55	47	54	46	49	44	39	42	37
Coffee per lb.	20	23½	21½	23½	20½	22½	23½	22½	21½	19½	24	19½
Eggs per doz.	19½	20½	16½	17½	20	18½	20½	19½	17½	19½	18	16½
Flaxseed per bu.	1.75	1.61	1.35	1.67	1.37	1.39	1.47	1.33	1.63	1.59	1.41	1.73
Flour per bbl.	4.64	4.60	4.58	4.63	4.70	4.56	4.66	4.62	4.68	4.54	4.73	4.51
Hams per lb.	14½	13½	17½	16½	14½	15½	13½	14½	16½	15	16½	17½
Lard per lb.	09½	06½	13½	07	08½	06½	09	07½	08	12	12½	13
Molasses per gal.	42	46½	44	41½	40	46	44½	43	40½	39	47½	49
Oats per bu.	37	28	40	25	33	26	34	31	36	41	38	43
Peas per bu.	1.53	1.44	1.62	1.49	1.56	1.48	1.45	1.61	1.47	1.50	1.59	1.46
Potatoes per bu.	29	34	28	33	27	32	26	21	25	22	36	23
Rye per bu.	47	33	46	34	45	32	44	53	43	30	38	52
Sugar per lb.	09½	06	08	05½	08½	06½	06½	07½	08½	09½	05½	10½
Tea per lb.	34½	30	32½	35	36½	30½	32	33½	36	37½	29	27½
Wheat per bu.	85	89	91	86	79	93	83	87	81	95	76	98

AMOUNTS TO BE INVESTED (Continued).

	14	15	16	17	18	19	20	21	22	23	24	25
	7900	8600	9200	7700	8500	9400	8700	7800	9100	9300	9000	8400

Having carefully studied pages 9, 10 and 11, consult your teacher in regard to proceeding, and answer all questions he may ask you. If you answer his questions satisfactorily, he will hand you the cash Mr. Hammond is to invest in the business, your Power of Attorney, and the receptacles for your business papers and merchandise, also, assign you the price list you are to use. Count the cash and place it in the Cash Drawer. File the Power of Attorney on the Voucher File.

NOTE.—After having been assigned by the teacher the price list to be used, the pupil is advised to copy it on a separate sheet of paper. This will put the list in a form convenient for use, and render mistakes less liable to occur in making the extensions.

JANUARY 1, 189-.

No. 1.—ENTRY FOR THE INVESTMENT. Determine the account to be debited by reading *rule 3, page 9*. Determine the account to be credited by reading *rule 8, page 10*. Make the entry as follows on a sheet of journal paper, writing the current year on the head line and placing the amount of cash received, instead of \$4000, in the money columns.

January 1, 189-

<i>Cash</i> <i>C. W. Hammond</i>	<i>Invested in the</i> <i>business</i>	<i>4000</i>			<i>4000</i>
-------------------------------------	---	-------------	--	--	-------------

(This entry is similar to the first entry in the Model Journal.)

Give the reason mentally for the above debit. (*Read rule 1, page 1.*) Give the reason mentally for the above credit. (*Read rule 2, page 1.*) Give your reasons similar to the following: "Cash account is debited because it has received value from the business, and is, therefore, indebted to it. Mr. Hammond is credited because he has supplied the value, and, therefore, the business is indebted to him." Be sure to give the reason every time you are instructed to do so.

Carefully study the following account and be prepared to answer the questions.

Merchandise. This title is usually applied to all goods the proprietor is dealing in as a business. If it is desired to show results in detail, separate accounts should be opened; as Flour, Corn, Wheat, etc., instead of including all under the general heading, Merchandise.

The Special Rules for debiting and crediting Merchandise are:

11. *DEBIT Merchandise when received (bought) by the business.* 12. *CREDIT Merchandise when parted with (sold or supplied to others) by the business.*

Since the debit side of Merchandise shows what the goods cost, and the credit side what they sell for, the difference must show the Gain or Loss—providing the goods have all been sold. When some of the goods remain unsold, deduct their *current* value from the debit side—or add it to the credit side—and the difference between the sides, after this has been done, will show the gain or loss. If the credit side of the account is the larger, the difference shows a gain; if the debit side is the larger, the difference shows a loss. Property remaining on hand is called an *Inventory*.

TRANSACTIONS ILLUSTRATING MERCHANDISE ACCOUNT.

May 1. Bought goods of L. Warwick for Cash, \$200. May 2. Bought goods of Wm. Macy on account, \$350. May 3. Sold John Kress merchandise for Cash, \$150. May 4. Value of the goods on hand (Inventory), \$450.

NOTE.—In every computation if there is a fraction of one-half cent or more in the result, add another cent; if less than one-half cent, drop the fraction.

Merchandise

May 1	550 150 <hr/> 400	200	May 3	Inventory	150
2		350			450
4	Gain	50			600
		600		450 50 <hr/> 500	600
May 4	Inventory	450			

*To be written in red ink.

The above account shows that goods amounting to \$550 have been purchased, and goods amounting to \$150 have been sold. Since the cost is in excess of the sales, it is evident that there would be a loss of \$400 were there no goods on hand. Subtracting the excess of cost (\$400) over sales from the inventory, we have a gain of \$50. Why?

QUESTIONS. To what is the title Merchandise applied? Why are separate accounts sometimes opened with the different articles, instead of including them all under the general heading, Merchandise? For what is Mdse. debited? For what credited? What does the difference between the debit and credit sides show? When a portion of the goods remain unsold, what must be done to find the gain or loss? What is property remaining unsold called? When the credit side of Mdse. is larger than the debit, does the difference show a Gain or a Loss?

No. 2.—CASH PURCHASE. Mr. Hammond has bargained with your teacher for 300 bu. Wheat, at 60¢ per bu., and 200 bbls. Flour, at \$4.10 per bbl. He wishes you to pay for same, receive the Mdse. and a receipted bill. Make the calculations to find the cost, then hand the required amount of cash to your teacher, and get the bill and the representative Mdse. Check the items of the bill (using pen and ink and placing the check marks in the vertical column to the left of the items) with the Mdse. to see that what is called for is received. Go over the calculations and the addition of the bill to see that no errors exist, placing a check mark to the right of every extension found to be correct. If found correct, write "O. K." with your initials underneath in the lower left-hand corner. Place the Mdse. in the "Store Room." Determine the account to be debited by reading *rule 11, page 14*. Determine the account to be credited by reading *rule 4, page 9*. Make the entry as follows, substituting the correct amounts for the amounts given.

Mdse Cash	Bot bill of Jan 1 for cash	500	500
--------------	-------------------------------	-----	-----

Give the reason mentally for the above debit. (*Read rule 1, page 1.*) Give the reason mentally for the above credit. (*Read rule 2, page 1.*) Fold your bill lengthwise, face outward, and write across the face "Entered," placing the date underneath. Place it on the Voucher File.

No. 3.—MERCHANDISE PURCHASED FOR CASH. Mr. Hammond has given your teacher an order for 1300 bu. Corn, at 30¢ per bu., and 100 bbls. Flour, at \$4.10 per bbl. Take the necessary cash, pay for it, and get the representative merchandise and receipted bill for same. Check the bill with the merchandise. Verify the calculations and addition of the bill, and if found correct, O. K. it as previously instructed. Place the merchandise in the Store Room. Debit—*Rule 11, page 14.* Credit—*Rule 4, page 9.* Make the entry underneath the entry for the second transaction. With the exception of the amounts, this entry is identical with No. 2, therefore no model is given. Give the reason mentally for the debit (*rule 1*); also for the credit (*rule 2*). Fold the bill lengthwise, face outward, and write across the face "Entered," placing the date underneath. File the bill properly.

Follow all directions in the exact order in which they are given.

No. 4.—CASH SALE. Your teacher has received an order for Flour and Wheat from an out of town customer. Not having either in stock, he has arranged with Mr. Hammond to purchase from him 50 bbls. Flour and 100 bu. Wheat at the prices given in your selling price list. Select the goods from the stock in the Store Room. Make out the bill on one of Mr. Hammond's bill heads, using one of the bills on your Voucher File as a model. Always go over your calculations and addition a second time to make certain that your work is correct. Receipt the bill as follows:

*"Received Payment,
C. W. Hammond,
per (your name)."*

Hand the bill and the goods to your teacher. If he approves your work he will pay you; if not, you will have to rewrite the bill. When he has paid you, determine the account to be debited by reading *rule 3, page 9.* Also the account to be credited by reading *rule 12, page 14.* Make the entry as follows, substituting the correct extensions and amounts for the ones given:

<i>Cash</i> <i>Mdse</i>	<i>Sold for cash</i> <i>50 bbls Flour @ 4.10 175</i> <i>100 bu Wheat @ 30¢ 50</i>	<i>225</i>	<i>225</i>
----------------------------	---	------------	------------

Give the reason mentally for the debit—*Rule 1*; credit—*Rule 2.* Place the cash in the Cash Drawer, recounting it before doing so. Always count cash a second time, both in receiving and paying it out.

Follow the instructions of your teacher and those given herewith to the letter. All business papers or vouchers and merchandise representing the business transacted by Mr. Hammond will come to you through your teacher. Apply for the first lot. Take up each transaction in the order it is given.

No. 5.—MERCHANDISE BOUGHT FOR CASH. The first bill (No. 5) represents a cash purchase which Mr. Hammond has made. Take the merchandise (No. 5) and check up the bill. Verify the calculations and addition, and if found correct, O. K. it as you did No. 2. Store the merchandise. Mr. Hammond's O. K. indicates that the prices are the ones agreed on when he made the purchase, but it does not signify that the calculations and addition are correct. That is left for you to ascertain. Never enter a bill that has not had the prices

QUESTIONS. What is to be entered under the title Expense? What must be done if it is desired to exhibit results in detail? For what is Expense debited? For what credited? What does Expense account generally show?

JANUARY 2, 189-.

No. 6.—CASH PAID FOR STATIONERY AND BOOKS. Bill No. 6 is for stationery and books, which were received yesterday. It has been checked and O. K.'d by Mr. Hammond, which shows that all the items were received by him and the prices are correct. Examine the bill to see that no errors exist. Pay the bill, placing the cash in Cash Paid Out. Determine the account to be debited by reading *rule 13, page 17*. Determine the account to be credited by reading *rule 4, page 9*. Substituting the proper amounts, make the following entry:

Expense	Bot stationery and	16 50	
Cash	books for cash		16 50

Give the reason mentally for the debit—*Rule 1*; credit—*Rule 2*. File the bill as previously instructed. Consult your teacher about anything that you do not fully understand.

No. 7.—RENT PAID IN CASH. According to the terms of his lease, Mr. Hammond is to pay \$100 per month for rent of store at 122-124 Main Street. Pay the rent for the month of January, placing the cash in Cash Paid Out, and take a receipt (No. 7) for same. Debit—*Rule 13, page 17*. Credit—*Rule 4, page 9*. This entry is similar to the entry for No. 6, with the exception of the explanation (Day Book entry), which is as follows: "Paid January rent." Give the reason mentally for the debit—*Rule 1*; credit—*Rule 2*. Place the receipt on the Voucher File. Are you doing everything in the exact order indicated?

JANUARY 3, 189-.

No. 8.—MERCHANDISE SOLD FOR CASH. Mr. Hammond has sold your teacher the following: 1000 bu. Oats, 1000 bu. Corn, for cash at the prices given in your selling price list. Follow instructions for No. 4 and make out the bill, after which deliver the goods and bill to your teacher, receiving the cash for same. Debit—*Rule 3, page 9*; credit—*Rule 12, page 14*. Explanation excepted, this entry is similar to No. 4. Give the reason mentally for the debit (*Rule 1*) and credit (*Rule 2*.) Recount the cash and place it in the Cash Drawer.

Study the following and be prepared to answer the questions.

Personal Accounts. If a person buys goods from us, to be paid for at a future time, he receives value from the business. At the time he pays for them he supplies value to the business. If we buy of a person, in like manner he supplies the business with value. At the time we pay him, he receives value from the business.

For personal accounts we have the following Special Rules:

15. *DEBIT a person when he receives value from the business on account.* 16. *CREDIT a person when he supplies value to the business on account.*

When a person buys goods, without paying for them at the time of purchase, the transaction is said to be on account (on credit). If the debit side of a personal account is larger than the credit, he owes us the difference, and this difference is a *Resource*. If the credit side of a personal account is larger than the debit, we owe him the difference, and this difference is a *Liability*. An account exhibits a *Liability* if it represents an amount owing by the business. Accounts with firms and corporations are considered Personal accounts.

TRANSACTIONS ILLUSTRATING A PERSONAL ACCOUNT.

Dealings with Edward F. Becker. Aug. 1. Sold him merchandise on account, \$65. Aug. 2. Received cash of him on account, \$25. Aug. 3. Received his note at 60 days for \$40. Aug. 4. Loaned him \$30.

Edward F. Becker
55 Market St. City

1899	Aug 1				65	1899	Aug 2				25
		✓						✓			40
					30		3				65
	4										

The debit side of this account shows that Edward F. Becker has received value amounting to \$95 from our business, and the credit side shows that value amounting to \$65 has been supplied to our business by him, leaving a balance of \$30, which is a resource to the business. Why? Never rule a personal account unless it balances. See above illustration. In many business houses personal accounts are never ruled.

When personal accounts are not ruled, it is a good plan to check the payments when such payments equal one or more items on the opposite side. This is done by placing neat check marks (✓) at the time of posting on the double vertical rulings directly to the left of both the debit and credit items that are equal to each other, as illustrated above.

NOTE.—In the above illustration the items that balance are both ruled and checked. You are to either check or rule the items that balance, as your teacher may direct. Do not fail to consult your teacher.

TRANSACTIONS ILLUSTRATING A PERSONAL ACCOUNT.

Dealings with Frank J. George. Nov. 1. Bought merchandise of him on account, \$450. Nov. 2. Paid him cash on account, \$150. Nov. 3. He sold us merchandise on account, \$200.

Frank J. George
2 Union St

1899	Nov 2				150	1899	Nov 1				450
								✓			200
							3				

The credit side of this account shows that Frank J. George has supplied value to our business amounting to \$650; the debit side shows that he has received value amounting to \$150 from our business, leaving a balance of \$500, which is a liability to the business. Why?

QUESTIONS. When is a person to be debited? When credited? If a person buys goods and does not pay for them at the time of purchase, what is said of the transaction? When a person's account is debited for more than it is credited, does he owe us or do we owe him? Is the difference a resource or a liability? How is it when the credit side of a personal account is the larger? Is the difference a resource or a liability?

JANUARY 4, 189-.

No. 9.—MERCHANDISE BOUGHT ON ACCOUNT. This bill (No. 9) of merchandise Mr. Hammond has bought on account. He will owe the parties until the bill is paid. Are the prices correct? How can you tell? Verify the addition and calculations and O. K. it, if found correct. Store the merchandise if found to agree with the bill. Debit—*Rule 11*; credit—*Rule 16*. Make an entry like the following, substituting the correct amounts for the amounts given:

Mdse Redfield & Son	Bot bill of Jan 3 on acct	500	500
------------------------	------------------------------	-----	-----

Give the reasons mentally for the debit (*Rule 1*) and the credit (*Rule 2*). This bill is not receipted. Why not? Fold the bill lengthwise, face outward, and write across the face "Entered" and the date. Place same on the Invoice File. Place all subsequent bills bought on account on this file.

No. 10.—MERCHANDISE SOLD ON ACCOUNT. This order (No. 10) Mr. Hammond has secured from A. P. Batson. Make out the bill, using the prices given in your price list, but do not receipt it. No terms are placed on the bill when the sale is on account and the time is not given. Place the number (10) of the order on the bill. Go over the calculations and addition to see that you have made no errors. Debit—*Rule 15*; credit—*Rule 12*. Make the entry as follows, placing the correct prices, extensions and amounts instead of the ones given:

A P Batson Mdse	Sold on acct 520 bu Potatoes 25¢ 130.00 50 " Wheat 80¢ 40.00 200 " Corn 60¢ 120.00 25 bbls Flour 4. 100.00 40 " Apples 1 ²⁵ 50.00	390	390
--------------------	---	-----	-----

Give the reason mentally for the debit (*Rule 1*) and credit (*Rule 2*). Select the merchandise and place it together with the bill in "Vouchers for Others" receptacle. Fold the order lengthwise, face outward, write across the face "Filled" and the date; after which place it on the Voucher File.

JANUARY 6, 189-.

No. 11.—MERCHANDISE SOLD ON ACCOUNT. Make out the bill for this order (No. 11) following previous instructions. Place the order number on this and every subsequent bill. Verify your extensions and addition. Debit—*Rule 15*; credit—*Rule 12*. Excepting the items and amounts, this entry is similar to entry for No. 10.

Give the reasons for the debit (*Rule 1*) and the credit (*Rule 2*). File the order as previously instructed. Place bill and the required merchandise in Vouchers for Others.

First Report. Carefully review the General Rules for debiting and crediting and the classes of accounts which have been presented. Take a Report Blank and make a report of cash and all merchandise and vouchers intended for parties with whom the business has had dealings. Present same, together with the vouchers, cash, and merchandise intended for others, and your bookkeeping work to your teacher for inspection and approval; before so doing, examine every voucher carefully to see that you are not presenting work that is a discredit to your ability. Poor work will not be accepted; your best work will be none too good. Rewrite all work that is not your best before handing it in.

If your work meets your teacher's approval, make a neat and careful transcript of your journal sheet into your regular Journal. When completed, present it to your teacher, and be prepared to answer all questions he may ask you pertaining to the Cash account, Proprietor's account, Merchandise account, Expense account, Personal accounts, and the General Rules for debiting and crediting. You may then take up the next transaction.

JANUARY 8, 189-.

No. 12.—MERCHANDISE PURCHASED ON ACCOUNT. Bill No. 12 is bought on account. When the terms are not given, it is understood that the purchase is on account. Check the bill with the merchandise (No. 12). Verify the calculations; if everything is found to be correct, O. K. it and store the merchandise. In case you discover an error, report same to your teacher. Debit—*Rule 11*; credit—*Rule 16*. This entry is similar to entry for No. 9.

Give the reasons mentally for the debit (*Rule 1*) and credit (*Rule 2*). File the bill, following instructions for No. 9.

No. 13.—CASH RECEIVED ON ACCOUNT.—This cash (No. 13) is received in part payment of the bill purchased on the 4th inst. Count it carefully. Debit—*Rule 3*; credit—*Rule 16*. Make the entry as follows, substituting the correct amounts for the amounts given:

Cash	Rec'd on acct	500	500
A. P. Batson			

Give the reasons mentally for the debit (*Rule 1*) and credit (*Rule 2*). Place the cash in the proper receptacle. Write a receipt for the same, using voucher No. 7 as a model. Excepting the amount, your receipt should read as follows:

\$500.⁰⁰/₁₀₀.

(Your place)....., JAN. 8, 189-.

Received of A. P. Batson, Five Hundred ⁰⁰/₁₀₀.....Dollars, to apply on acct.

C. W. HAMMOND,

per.....(your name).....

Place the receipt in Vouchers for Others.

The difference between the sides of the account will show the amount of Bills Payable outstanding. The amount outstanding is a Liability. The debit side of the Bills Payable account cannot be larger than the credit, because a greater amount cannot be redeemed than has been issued. Bills Payable account is debited and credited for the face value of the bills (notes). The account will therefore balance when all have been redeemed. This account is sometimes called Notes Payable instead of Bills Payable.

TRANSACTIONS ILLUSTRATING BILLS PAYABLE ACCOUNT.

May 1. Gave W. W. Scott our note on account, \$400. May 2. Accepted Jos. Frey's draft on us, \$200. May 3. Gave John Hauser our note for \$350. May 30. Paid note favor of W. W. Scott, \$400.

<i>Bills Payable</i>									
May 30				400	May 1				400
					2				200
					3				350

The above account shows that notes (written promises) amounting to \$950 have been issued by the business, and one note of \$400 has been redeemed (paid), leaving a balance of \$550 unpaid, which is a Liability. Bills Payable account is ruled or checked similar to Bills Receivable account or personal accounts.

QUESTIONS. What are included under the title Bills Payable? When is Bills Payable account credited? When debited? Why cannot the debit side of Bills Payable account be larger than the credit? What does the difference in Bills Payable account show? Is the amount outstanding a Liability or a Resource?

JANUARY 14, 189-.

No. 19.—NOTE GIVEN ON ACCOUNT. Using voucher No. 16 as a model, write a note for \$325 favor of Kaufman, Straus & Co. to apply on account. Your note will read as follows:

\$325 ⁰⁰/₁₀₀.

..... (Your place), JAN. 14, 189-.

Thirty days after date I promise to pay Kaufman, Straus & Co., or order, Three Hundred Twenty-five ⁰⁰/₁₀₀ Dollars, in college currency, value received, at my office.

No. 1. Due Feb. 13, 189-.

C. W. HAMMOND,

..... (your name) Attorney.

NOTE.—Do not add days of grace to notes and time drafts, in this work.

Debit—Rule 15; credit—Rule 20. Make the entry as follows:

Kaufman, Straus & Co	14	Gave them our	325	
Bills Pay		note on acct		325

Give the reasons mentally for the debit and credit. Place the note in Vouchers for Others. Replace the note used as a model.

No. 20.—OPENING AN ACCOUNT WITH THE CITY BANK. Mr. Hammond has made arrangements with the City Bank of this city to deposit therein for safety and convenience the cash received by the business. All transactions with the bank are recorded in the Check Book. No journal entry is required when a deposit is made, the cash so deposited being considered practically as on hand, because it is not paid out in the sense of being disposed of, as the bank simply becomes the custodian of it in place of our Cash Drawer. You will now make a deposit of \$5000. Count out the cash. Study the following form of deposit ticket, after which write one like it. Next take your Check Book and make a record of your deposit on the stub as follows:

DEPOSIT TICKET.

DEPOSITED			
IN THE			
CITY BANK			
BY			
C. W. HAMMOND.			
(Your own name here), Attorney.			
<u>Jan. 14, 189</u>			
	Dollars	Cents	
Currency	5000		
Checks			

STUB OF CHECK BOOK.

Deposited <u>Jan 14 189</u>	<u>5000</u>
No. _____	
Date _____ 189	
Order of _____	
For _____	
Amount of Bill, \$ _____	
Discount _____ \$ _____	
Amount of Check, \$ _____	
Deposited _____ 189	
No. _____	
Date _____ 189	
Order of _____	
For _____	

Take the cash, deposit ticket and Pass Book to the bank. In case there is no regular bank, your teacher will receive your deposits and give you credit for them in your Pass Book. You will be required to write the firm's signature in a book for that purpose; as you write it in this book, you must always write it when signing the business papers of the firm. Before leaving the bank, see that you have been credited with the proper amount in your Pass Book.

JANUARY 15, 189—.

No. 21.—MERCHANDISE SOLD ON ACCOUNT. Make out a bill for this order (No. 21). Verify your calculations. What account has received value? What account has supplied value? In making this entry apply the General Rules for debiting and crediting. Place the bill and the required merchandise in the proper receptacle. File the order as previously instructed.

JANUARY 16, 189-.

No. 22.—CHECK RECEIVED ON ACCOUNT. This check (No. 22) is received in part payment of No. 17. Examine and study the form carefully so as to be able to draw up one properly when required to do so. Debit—*Rule 3*; credit—*Rule 16*. This entry is similar to No. 13. Give the reasons mentally for debiting and crediting. Place the check in the Cash Drawer. Why? No receipt is necessary when payment is made by check. When the check is returned to the maker by the bank on which it is drawn, it is filed as evidence of payment.

A **Check** is a written order by a depositor on his bank requesting the bank to pay a certain sum out of his deposit to the party named in the check.

Second Report. Review the classes of accounts which have been presented and the General Rules for debiting and crediting. Carefully inspect all the vouchers intended for others and rewrite those which do not show evidence of your best efforts. Make a report, using a Report Blank, and present same, together with the business papers for others and all your bookkeeping work, to your teacher.

Having had all your work approved, proceed to copy it into your regular Journal. Be prepared to answer all questions pertaining to the classes of accounts which have been presented. Having answered all questions satisfactorily, you may proceed with the next transaction.

JANUARY 17, 189-.

No. 23.—CHECK GIVEN ON ACCOUNT. Pay Henry Knefely & Son by check \$250 to apply on account. Take your Check Book, fill out the stub of the check as shown below, then write the check.

Deposited <u>Jan 14, 189-</u>	<u>5000</u>	
No. <u>1</u>		
Date <u>Jan 17, 189-</u>		
Order of <u>Henry Knefely & Son</u>		
For <u>on acct</u>		
Amount of Bill, \$		
Discount \$		
Amount of Check, \$ <u>250.00</u>	<u>250</u>	

Tear out the check and place it in the Cash Paid Out receptacle. Always fill out the stub before writing a check. Subtract the amount of the check from the deposit. When Knefely & Son present this check at the bank it will be paid out of the deposit you have made, and in order to keep the amount in the bank and your Check Book balance alike, you must subtract every check that is issued. Make all entries for checks issued from the stubs of the checks. Debit—*Rule 15*; credit—*Rule 4*. This entry is similar to all entries for cash paid out.

JANUARY 18, 189-.

No. 24.—MERCHANDISE SOLD ON ACCOUNT. Bill the goods called for in this order (No. 24). Place the terms, "20 das.," on your bill. Recalculate the items. What account has received value? What account has supplied value? In making this entry apply the General Rules (1 and 2) for debiting and crediting. Place the bill and required merchandise in Vouchers for Others. File the order.

JANUARY 20, 189-.

No. 25.—CHECK RECEIVED ON ACCOUNT. This check (No. 25) is in part payment of No. 24. What account has received value? What account has supplied it? Make this entry, applying the General Rules for debiting and crediting. Place the check in the Cash Drawer.

JANUARY 21, 189-.

No. 26.—NOTE GIVEN IN FULL OF ACCOUNT. Write a 30-day note in favor of Henry Knefely & Son for the balance due them, making it payable at Mr. Hammond's office. Examine it carefully to see that you have made no error. Debit—*Rule 15*; credit—*Rule 20*.

Excepting the explanation, this entry is similar to No. 19. Give the reasons mentally for the debit and credit. Place the note in Vouchers for Others.

JANUARY 22, 189-.

No. 27.—MERCHANDISE PURCHASED ON ACCOUNT. Check this bill (No. 27) with the merchandise (No. 27). Verify the calculations of the bill; if found correct, O. K. it. Store the merchandise. What account has received value? What account has supplied it? In making this entry apply the General Rules. File the bill properly.

JANUARY 23, 189-.

No. 28.—CHECK GIVEN IN PART PAYMENT. Pay A. Paul, Jr., \$300 by check. Fill out the stub of the check, deduct the amount from the amount in the bank, then write the check. Tear it out and place it in Cash Paid Out. What account has received value? What account has supplied it? Make this entry from the stub of the check, applying the General Rules. Are you certain that you have not omitted any of the details?

JANUARY 25, 189-.

No. 29.—MERCHANDISE BOUGHT ON ACCOUNT. Check bill No. 29 with the merchandise (No. 29). Verify the addition and extensions of the bill. O. K. it if no errors are discovered. Store merchandise. What account has received value? What account has supplied it? In making this entry apply the General Rules. Place the bill on the Invoice File.

JANUARY 27, 189-.

No. 30.—MERCHANDISE SOLD ON ACCOUNT. Bill the merchandise called for in this order (No. 30). Go over your calculations. Does your writing show evidence of your best efforts? What account has received value? What account has supplied it? In making this entry apply the General Rules. Place the bill and the required merchandise in the proper receptacle and file the order.

JANUARY 29, 189-.

No. 31.—PROPRIETOR DRAWS CASH FOR PRIVATE USE. Mr. Hammond wishes \$100 for private use. Take your Check Book, fill out the stub of the check; after deducting the

amount write the check making it payable to C. W. Hammond. Place it in Cash Paid Out. Debit—*Rule 6*; credit—*Rule 4*. Make the entry as follows:

<i>C. W. Hammond</i> <i>Cash</i>	²⁹ <i>Draw for private</i> <i>use</i>	100		100
-------------------------------------	--	-----	--	-----

Give the reasons mentally for the debit and credit.

JANUARY 30, 189—.

No. 32.—MERCHANDISE SOLD ON ACCOUNT. Make out the bill for order No. 32. Place the terms, "15 das.," on the bill. Verify your calculations. What account has received value? What account has supplied it? Apply the General Rules in making this entry. Be sure to place the bill and required merchandise where they belong and file the order properly.

JANUARY 31, 189—.

No. 33.—BOOKKEEPER'S SALARY PAID IN CASH. Pay yourself \$50 by check as salary for the first month. Fill out the stub, deduct the amount, and write the check. Debit—*Rule 13*; credit—*Rule 4*. This entry is similar to entry for No. 7. Give the reasons mentally for the debit and the credit. Place the check in Cash Paid Out.

No. 34.—DRAYAGE BILL FOR THE MONTH PAID IN CASH. This bill (No. 34) is for hauling done for the business during the month. The bill is receipted and Mr. Hammond has O. K.'d it. Pay it in currency, placing the cash in the proper receptacle. Debit—*Rule 13*; credit—*Rule 4*. This entry is similar to entry for No. 33. Give the reasons mentally for the debit and credit. Place the bill on the Voucher File.

No. 35.—NOTE RECEIVED ON ACCOUNT. This note (No. 35) is to apply on account of No. 32. Debit—*Rule 17*; credit—*Rule 16*. Make the entry similar to the entry for the 16th transaction. Give the reasons for debiting and crediting. Place the note in the Cash Drawer.

No. 36.—MERCHANDISE SOLD ON ACCOUNT. Bill the merchandise called for in this order (No. 36). Calculate the items of the bill a second time. What account has received value? What account has supplied it? Apply the General Rules and make the entry. File the order and place the merchandise and bill in the proper receptacle.

No. 37.—CASH ITEMS DEPOSITED IN BANK. You will now indorse all the checks you have in the Cash Drawer, by writing

"Pay to the order of City Bank,
C. W. Hammond,
your name Atty."

across the back of each check, beginning near the left-hand end. Be careful not to indorse the notes. Note the difference between checks and notes. Count all the currency in the Cash Drawer. Make out a deposit ticket, entering the amount of currency opposite the word "Currency." Enter each check separately where indicated on the deposit ticket. Add the items, including the currency. Enter the amount of the deposit on the right-hand stub of your Check Book, following previous instructions; directly opposite on the

left-hand stub make a duplicate of the items on the deposit ticket. This is done that you will have a detailed record of your deposits in case you have made an error and wish to know of what items your deposits consist. Consult your teacher about this or any instructions that you do not fully understand. Take your deposit, deposit ticket, and Pass Book to the bank. See that you are credited with the proper amount in the Pass Book, and leave it at the bank to be written up.

Third Report. Make a report on a Report Blank of all vouchers, merchandise, and cash intended for other parties. Present your report, together with the vouchers, etc., and your bookkeeping work for inspection and approval. Do not present any work which is not your best. Be prepared to answer any questions that your teacher may ask you on the work gone over. Next make a careful transcript of your journal sheet into your regular Journal; when completed, present your Journal for approval.

Directions for Posting. Your next work will be to post the journal debits and credits to your Ledger. You have had considerable practice in posting from the Model Journal and the one following it. If you have been diligent and exercised a constant watchfulness as you proceeded, you ought to experience no difficulty, as the process is purely mechanical and the method never varies. However, to make certain that you will start aright, and that any wrong impression you have formed may be corrected, a guide for posting the work for this month is presented herewith. Read the first direction, then perform the work exactly as directed before reading further. Read the second direction and perform the work. Continue in this way until you are able to proceed without directions.

FIRST ENTRY. 1. Place your Journal and Ledger before you on the desk, turn to page 2 of your Ledger and write *Cash* in a plain, bold hand on the upper line. By so doing you have opened the Cash account. 2. On the debit side of this account; *i. e.*, on the left-hand side, enter in the date column, *Jan. 1*, placing the year above. 3. In the journal-page column, enter the page of the Journal, *1*. 4. In the amount column, enter the amount invested. 5. Turn to your Journal and enter the page of the Ledger, *2*, in the column at the left of Cash to indicate that this item has been posted.

1. Turn to page 1 of your Ledger. In a bold, plain hand write *C. W. Hammond* on the upper line. 2. On the credit side of the account; *i. e.*, on the right-hand side, enter in the date column the date, *Jan. 1*, placing the year above. 3. In the journal-page column, enter the page of your Journal, *1*. 4. In the amount column, enter the amount invested. 5. Turn to your Journal and enter the page of the Ledger, *1*, in the column at the left of C. W. Hammond's name as a check to indicate that the item has been posted. This completes the posting of the first entry. Keep a clean blotter under your hand when making records in your books.

SECOND ENTRY. 1. Open an account with Merchandise at the top of page 3 in your Ledger. 2. On the debit side—that is, on the left-hand side—enter in the date column the date, *Jan. 1*, placing the year above. 3. Enter the journal page, *1*. 4. Enter the amount. 5. Turn to the Journal and enter the ledger page, *3*, in the column at the left of Merchandise as a check to show that it has been posted.

1. Turn to Cash account on page 2 in the Ledger and enter on the credit side; *i. e.*, right-hand side, the date, *Jan. 1*, placing the year above. 2. Enter the journal page, *1*. 3. Enter the amount. 4. Turn to the Journal and enter the ledger page, *2*, at the left of Cash as a check.

THIRD ENTRY. This entry is essentially the same as the second entry, therefore, follow the same instructions for posting.

FOURTH ENTRY. 1. Turn to Cash account on page 2 in your Ledger and enter on the debit side; *i. e.*, the left-hand side of the account the date, *Jan. 1*. 2. Enter the journal page, *1*. 3. Enter the amount. 4. Turn to your Journal and postmark as before by entering the ledger page, *2*, at the left of Cash.

1. Turn to Merchandise account on page 3 and enter on the credit side the date, *Jan. 1*, placing the year above. 2. Enter the journal page, *1*. 3. Enter the amount. 4. Turn to your Journal and check opposite Merchandise by entering the ledger page, *3*.

FIFTH ENTRY. This entry is similar to entries 2 and 3, therefore, no instructions for posting are given; follow previous instructions.

SIXTH ENTRY. 1. Open an account with Expense at the top of page 4. 2. Enter on the debit side the date, *Jan. 2*, writing the year above. 3. Enter the journal page. 4. Enter the amount. 5. Check in the Journal.

Turn to the Cash account on page 2 and enter on the credit side the date, *2*, the journal page, *1*, the amount; then check in the Journal.

SEVENTH ENTRY. Follow instructions for No. 6.

EIGHTH ENTRY. Follow instructions for No. 4.

NINTH ENTRY. On the debit side of Merchandise account enter the date; the journal page; the amount; then check in the Journal. Next open an account with Redfield & Son, 141 Dock St., City, on page 14, and enter on the credit side the date, including the year; journal page; amount; then check in the Journal.

NOTE.—By following the directions for opening accounts as given, the accounts in your Ledger will be grouped under four divisions. The first, beginning on page 1, contains the Proprietor's account; the second, beginning on page 2, contains the Property and Loss & Gain accounts; the third, beginning on page 9, contains the Personal Accounts Receivable; and the fourth, beginning on page 14, contains the Personal Accounts Payable. Loss & Gain accounts are the accounts that show either Losses or Gains; Personal Accounts Receivable are the accounts with persons who become indebted to the business; and Personal Accounts Payable are the accounts with persons or firms to whom the business becomes indebted. It is, however, not absolutely necessary that the ledger accounts be grouped in the above manner. See Model ledger, pages 4 and 5.

TENTH ENTRY. Open an account with A. P. Batson, 944 Market St., City, on page 9, and enter on the debit side the date; journal page; the amount; then check in the Journal. Next, turn to Merchandise account and enter on the credit side the date, journal page and amount. Check in the Journal.

ELEVENTH ENTRY. Follow instructions for No. 10.

TWELFTH ENTRY. Open an account with Thos. J. Johnston & Co., 715 Broadway, City, on the 14th line of page 14, then post the debit and credit, following instructions for No. 9.

THIRTEENTH ENTRY. Post to the debit side of Cash account on page 2, following the instructions previously given. Post to the credit side of A. P. Batson's account, observing previous instructions. Have you postmarked both the debit and the credit in the Journal?

FOURTEENTH ENTRY. Post to the debit of Redfield & Son's account; post to the credit of Cash account. Have you done everything in the exact order indicated in previous instructions?

FIFTEENTH ENTRY. Post to the debit of Merchandise account and check in the Journal. Open an account with Henry Knefely & Son, 5 E. Pratt St., City, on the 29th line of page 14; post to the credit of their account and check in the Journal.

SIXTEENTH ENTRY. Open an account with Bills Receivable on the 19th line of page 2 and post to the debit side, after which check in the Journal. Post to the credit of A. P. Batson's account.

SEVENTEENTH ENTRY. Open an account with Frey & Thomas, 620 Jefferson St., City, on the 19th line of page 9 and post to the debit of their account, after which check in the Journal. Post to the credit of Merchandise account and check in the Journal.

EIGHTEENTH ENTRY. Post to the debit of Merchandise account and check in the Journal. Open an account with Kaufman, Straus & Co., Fourth Ave., City, top of page 15 and post to the credit of their account, after which check in the Journal.

NINETEENTH ENTRY. Post to the debit of Kaufman, Straus & Co.'s account and check in the Journal. Open an account with Bills Payable on the 31st line of page 2 and post to the credit of that account. Do not forget to check in the Journal.

TWENTIETH, TWENTY-FIRST AND TWENTY-SECOND ENTRIES. Instructions for similar entries have been given.

TWENTY-THIRD ENTRY. Open an account with H. B. Philips & Co., S. W. Cor. 8th & Main, City, on the 32d line of page 9 and post to the debit of their account; post to the credit of Merchandise. Do not forget to check in the Journal.

TWENTY-FOURTH AND TWENTY-FIFTH ENTRIES. Instructions for similar entries have been given.

Either check or rule Henry Knefely & Son's account, as it balances. Do not fail to either check or rule (as your teacher may direct) all personal accounts found to balance while posting your subsequent work.

TWENTY-SIXTH ENTRY. Post to the debit of Merchandise. Open an account with A. Paul, Jr., 54 Grace Ave., City, on the 14th line of page 15 and post to the credit of his account.

TWENTY-SEVENTH ENTRY. Instructions for a similar entry have been given.

TWENTY-EIGHTH ENTRY. Post to the debit of Merchandise. Open an account with Barlow, Henderson Co., Cor. 3d Ave. & 11th St., City, on the 29th line of page 15 and post to the credit of their account.

TWENTY-NINTH ENTRY. Open an account with Harry Powell, 420 Chestnut St., City, on page 10. Post to the debit of his account; post to the credit of Merchandise.

THIRTIETH ENTRY. Post to the debit of C. W. Hammond's account; post to the credit of Cash.

For the remaining entries, consult instructions for entries of a similar nature.

Having finished the posting of your Ledger, carefully review same, placing a check (✓) in pencil at the left of the amount of each item in the Ledger as you proceed. The points to be noted while reviewing your posting are as follows: 1. See that the journal debits have been posted to the debit side of the proper accounts in the Ledger. 2. That the journal credits have been posted to the credit side of the proper accounts in the Ledger. 3. That none of the details necessary to make the work complete have been omitted. 4. That the proper amounts have been posted from the Journal to the Ledger. 5. That no entries have been omitted. 6. That no entries have been posted twice.

Monthly Statements. It is the custom of business houses to render statements to their customers once a month. A monthly statement contains the name of the customer, together with his address, and a copy of the Ledger debits and credits of his account. The energetic bookkeeper will prepare his statements so as to have them ready for mailing or delivery to customers promptly on the first of each month. He, also, exercises great care in preparing these statements so as to make them appear as attractive as possible.

MONTHLY STATEMENT.

Folio 9

Feb. 1, 189

(Your place here).

(Write your own name here.) M. A. P. Batson,

#944 Market St.

In Account with **C. W. HAMMOND.**

122-124 MAIN STREET.

<i>Jan 4</i>		To Mdse.				
	6					
		Cr.				1769 80
	8			2.00		
	10			10.00	12.00	
						569 80

Carefully study the form of statement given herewith. Turn to page 9 of your Ledger and make a statement of A. P. Batson's account, as shown in the above illustration. Be sure to place on the statement the two debit items left blank in the illustration. Make out statements against all parties who owe the business, and present them for inspection and approval.

Having had your statements approved, insert them in envelopes neatly and properly addressed, but do not seal them. Place the envelopes in Vouchers for Others.

Taking a Trial Balance. Pencil foot all the accounts in the Ledger preparatory to taking a Trial Balance. Use a sharp pointed pencil for work of this kind, as the figures can be made much smaller and more legible than with a dull pointed one. Make your pencil footings plain and distinct, but quite small; do not draw lines in the columns to be added, as the size and peculiar position of the footing serves to distinguish it from the other items in the account. When there is but one item, no pencil footing is necessary.

Take a journal sheet, head it as follows: *Trial Balance, Jan. 31, 189-*. Commencing with the first account in your Ledger, proceed to make a Trial Balance, using the form on page 7 as a Model. Copy the number of the page on which the account is found in the Ledger, the name of the account, and the debit or credit balance. Compare the balance as shown by the Cash account with the balance of cash on hand as shown by the Check Book. Proceed until all the balances have been entered, after which add the sides to see if they are equal. If found to be equal, submit your Trial Balance for approval. Should it fail to balance, it will be necessary for you to go over the work and locate the error. Do not ask your teacher to aid you before you have made a diligent effort to find your mistakes. When your work is approved, place the sheet containing your Trial Balance in your Balance Book and proceed to take an account of the Resources and Liabilities of the Model Set as explained in the following paragraphs.

Inventory of Resources and Liabilities—Model Set. As you have already learned, a Resource is either property on hand or an amount due the business. A Liability is an amount owed by the business. The difference between the Resources and Liabilities of any business is the Proprietor's present capital.

The first thing to be done in ascertaining the Inventory of Resources and Liabilities is to find the current value of the merchandise remaining unsold. The merchandise on hand belonging to the business represented by the Model Set and its value is given below.

Merchandise Inventory, Mar. 15, 189-

300 bu. Wheat	64¢	192		
400 Oats	25¢	100		
100 Corn	40¢	40		
				332

In business the amount of goods on hand is usually ascertained by going through the store, measuring, weighing, or counting the various articles, their value usually being estimated at *current* cost. When the merchandise inventory includes a long list of goods a separate book called a Stock or Inventory Book is employed.

Having ascertained the value of property on hand, the remainder of the facts can be ascertained from the books, or more readily from the Trial Balance. Refer to the Model Trial Balance No. 2 and trace the items to the Inventory given below. Observe that Wm. Wood's capital, the merchandise and expense debits are not taken from the Trial Balance. Why not? Wm. Wood's capital is the difference between the Resources and Liabilities. His capital when he began business was \$5000, he withdrew \$75, leaving a capital of \$4925. Subtracting \$4925 from \$5168.50 equals \$243.50, the amount he gained.

Inventory of Resources & Liabilities Mar 15, 1899

Cash	on hand	4676.50		
Merch	"	332		
Jas Spring	owes	50		
Bills Rec	on hand	1600		
J W Winter	due him		90	
S W Snow	"		400	
Bills Pay	due others		1000	
Wm Wood	capital *			5168.50
		6658.50	6658.50	

*To be written in red ink.

The above Inventory of Resources and Liabilities gives the results of the business, but it does not show the *sources* of Losses and Gains.

Model Balance Sheet. To ascertain the *sources* of Losses and Gains it will be necessary to make a detailed analysis of the various ledger accounts. This will be best accomplished by making a Balance Sheet. Your attention is now directed to the Model Balance Sheet given on page 36.

The first step to be taken is to make an exact copy of the Model Trial Balance No. 2 on a Balance Sheet blank, first heading it as in the Model. Before reading further you will do the work as above indicated. In performing this work it is of the utmost importance to you that you do not merely copy the form of Balance Sheet. To do the work understandingly, securing a knowledge of the relations of the various accounts to the business, it is absolutely essential that you take each step in the order indicated, and perform the work precisely as directed in the instructions.

Your next step will be to extend the Losses, Gains, Resources and Liabilities as shown by the various accounts, as follows:

CASH.—Commence with Cash, it being the first account on your Balance Sheet following the Proprietor's account. You have on hand \$4676.50, which you will extend to the Resource column, because property on hand is a Resource.

MERCHANDISE.—First enter in the Resource column the Merchandise Inventory, \$332, as shown on page 33, because property on hand is a Resource. Make the entry in red ink, to distinguish it from the Resources shown by the ledger accounts. Note that the debit (cost) side shows a balance of \$70; therefore the goods purchased amount to \$70 more than those sold. Were there none on hand, the business would have lost \$70 on merchandise. There is, however, a Merchandise Inventory valued at \$332; subtracting \$70 from the value of the goods on hand gives \$262, the amount gained. Extend this amount to the Gain column.

EXPENSE.—The debit footing, \$18.50, shows the total outlay. Extend this amount to the Loss column, because an account which costs more than it produces exhibits a Loss.

J. W. WINTER.—The credit balance, \$90, is the amount the business still owes him, which you will extend to the Liability column, because an amount owing by the business is a Liability.

NOTE.—In extending S. W. Snow's account, consult the explanation given for J. W. Winter, above.

JAMES SPRING.—The debit balance, \$50, is the amount he owes the business, which you will extend to the Resource column, because an amount owing to the business is a Resource.

BILLS RECEIVABLE.—The debit balance, \$1600, shows the total amount of notes on hand. Extend this amount to the Resource column, because an amount owing to the business is a Resource.

BILLS PAYABLE.—The credit balance, \$1000, shows the total amount of notes outstanding. Extend this amount to the Liability column, because an amount owing by the business is a Liability.

Net Gain and Present Capital. Foot the Resource, Liability, and Loss and Gain columns of the Balance Sheet, and extend the results as shown in the form on page 36.

Extend into the Loss column, in red ink, the Net Gain, \$243.50, which is the difference between the total Gains and the total Losses.

To the Proprietor's credit balance, \$4925, add the Net Gain, and extend the amount, \$5168.50, which is the Present Capital, into the Liability column.

The Net Gain is found, as shown in the accompanying Balance Sheet, by subtracting the total Gains from the total Losses, as exhibited by the different accounts showing Losses and Gains. As illustrated by the Inventory of Resources and Liabilities, the Net Gain may also be found by subtracting the Proprietor's capital on commencing from the Present Capital; the Present Capital at any time being the difference between the Resources and Liabilities.

It will also be seen that the Present Capital in double entry bookkeeping may be found in two ways; either by adding the Net Gain to the Net Credit or Capital on commencing, or by finding the difference between the Resources and Liabilities, as illustrated by the Inventory of Resources and Liabilities.

When the Losses exceed the Gains the difference is called the "Net Loss;" in such cases, when making out the Balance Sheet, the Net Loss must be deducted from the Net Credit or Capital on commencing, to find the Present Capital.

When the Liabilities exceed the Resources, the Proprietor is Insolvent; *i. e.*, he is unable to pay what is due others.

As the Present Capital of any business belongs to the proprietor or stockholders, it is in that sense a Liability to the business. This Liability, however, must not be confounded with the regular Resources and Liabilities, the difference between which is the Present Capital, or the value of the business belonging to the proprietor.

NOTE.—Read *Observations* on page 7 if you had any difficulty in understanding the work given on pages 33 to 35. To do so will aid you in comprehending the work on the following three pages.

Wm Wood's Balance Sheet Mar. 15, 189-

L. P.	LOSSES		GAINS		RESOURCES		LIABILITIES	
Wm Wood		4925						
Cash	4676.50				4676.50			
Adse	70			262	332			
Expense	1850		1850					
J. W. Winter		90					90	
S. W. Snow		400					400	
Gas Spring	50				50			
Bills Rec	1600				1600			
Bills Pay		1000					1000	
	6415	6415	1850	262	6658.50		1490	
Net Gain.			243.50					
			262	262				
Net Credit		4925						
Net Gain		243.50						
Pres Capital							5168.50	
					6658.50	6658.50		

*Net Gain, 243.50 and 332 are to be written in red ink.

Having ascertained by the foregoing Balance Sheet the sources of Losses and Gains and the true condition of the business at the present time; i. e., what the Net Gain has been, how much the proprietor is worth, and of what his worth consists, it is desired to make the Proprietor's account in the Ledger exhibit the Present Capital.

To do this, the accounts showing Losses and Gains must be closed and the Net Gain entered in the Proprietor's account. It is only necessary to close the accounts which show Losses and Gains, because in them have been entered all transactions making the proprietor worth more or less. The other accounts, those exhibiting Resources and Liabilities, simply show of what the Present Capital consists, and closing them would in no way affect the Proprietor's account.

Closing the Accounts Showing Losses and Gains. Following the last account in your Ledger for the Model Set, open an account with Loss & Gain, to which are to be carried the Losses and Gains from the various accounts as they are closed, and from which the Net Gain is to be finally transferred to the Proprietor's account. Proceed to close your best Ledger of the Model Set, observing the following instructions and referring to the Model on page 38.

MERCHANDISE.—The Inventory is first to be entered on the credit side of this account, that it may be added to the sales. (This is equivalent to deducting it from the debit or cost side.) Proceed as follows: On the credit side of the account enter the Inventory. Write in red ink, *Mar. 15, Inventory, 332*. Then to close the account, on the smaller side—which is the debit—enter the difference between the sides, that is the Gain. Write in red ink, *Mar. 15, Gain, 262*. Next rule and foot the account. (See Merchandise account closed and ruled on page 38.)

In ruling an account, draw the red line directly on the blue line. In the double ruling, draw the lines as close as possible and not have them run together. Rule on the same line on both sides of the account, even if there be a larger number of entries upon one side than on the other.

The two entries just made have put the Ledger out of balance, and, to restore the balance, entries for like amounts must be made on the opposite sides, as follows: First, transfer the Inventory below the ruling on the debit side. Write in black ink, *Mar. 15, Inventory, 332*. Next transfer the Gain to the credit side of the Loss & Gain account. Write in black ink, *Mar. 15, Mdse., 262* (enter in page column the page of Mdse. account.) By these two entries we have not only placed the Ledger again in balance, but we have caused the Loss & Gain account to show, as it should, on the credit side, the gain produced by an account (Mdse.) which has been closed.

EXPENSE.—To close this account, on the smaller side—which is the credit—enter the loss. Write in red ink, *Mar. 15, Loss, 18.50*. (Enter page of Loss & Gain account.) Next, rule the account. (See Model.) Transfer the Loss to the debit side of Loss & Gain account. Write in black ink, *Mar. 15, Expense, 18.50*. (Enter page of Expense account.)

LOSS & GAIN.—Having closed all the accounts which show Losses and Gains into the Loss & Gain account, you will now proceed to close this account. On the smaller side, which is the debit, enter the difference between the sides, that is the Net Gain. Write in red ink, *Mar. 15, Wm. Wood (the page) 243.50*. Next rule and foot the account. Transfer the Net Gain to the credit side of Wm. Wood's account. Write in black ink, *Mar. 15, Net Gain (the page) 243.50*.

WM. WOOD'S ACCOUNT.—The Net Gain having been carried to it, this account now contains the Present Capital, and that it may be shown in a single amount, you will close the account. Proceed as follows: On the smaller side, which is the debit, enter the difference between the sides, that is the Present Capital. Write in red ink, *Mar. 15, Present Capital, 5168.50*. Next, rule and foot the account. Transfer the Present Capital to the opposite side (credit side) below the ruling. Write in black ink, *Mar. 15, Present Capital, 5168.50*.

This completes the work of closing the accounts which contained the Losses and Gains growing out of the preceding business, and the Net Gain—the difference between the Losses shown on the debit side and the Gains shown on the credit side of the Loss & Gain account—has been entered in the Proprietor's account, causing it to show the Present Capital. It is evident that the Proprietor's account will continue to show its true relation to the business—that is, the Present Capital, or exact difference between the Resources and Liabilities—only until such time as a Gain or Loss has been produced in the course of trade; because such Gain or Loss is not immediately entered in the Proprietor's account, but it is permitted to remain in the account producing it until a general closing of the accounts showing gains or losses is made, such as has just been explained and illustrated.

Submit your Model Balance Sheet and Model Ledger, just closed, for inspection and criticism.

NOTE.—In case your work in closing the Model Ledger is not up to the standard, your teacher will require you to make an Inventory of Resources and Liabilities and a Balance Sheet for the set given under Second Posting Exercise on page 8, after which you will close the Ledger and submit your work for approval. The Inventory of Merchandise consists of the following: 217 yds. Broadcloth @ 4.25; 125 yds. Fancy Cass. @ 2.55; 120 yds. Black Cass. @ 2.40.

Wm Wood

189-				189-			
Mar 15		75	Mar 1		5000		
15 Pres Capital		5168.50	15 Net Gain		249.50		
		5248.50			5248.50		
			Mar 15 Pres Capital		5168.50		

Merchandise

189-				189-			
Mar 1		320	Mar 2		140		
3		340	4		250		
3		1480	5		1600		
15 Gain		262	15 Inventory		332		
		2322			2322		
Mar 15 Inventory		332					

Expense

189-				189-			
Mar 1		18.50	Mar 15 Loss		18.50		

Loss & Gain

189-				189-			
Mar 15 Expense		18.50	Mar 15 Mdse		262		
15 Wm Wood		249.50					
		262			262		

*To be written in red ink.

Directions for Taking Merchandise Inventory. You will now proceed to take an Inventory of the goods on hand (in Store Room) preparatory to making your regular Balance sheet for Mr. Hammond's business. The current cost prices of your commodities are as follows: Apples \$1.50, Potatoes 20¢, Barley 25¢, Rye 28¢, Corn 30¢, Oats 24¢, Flour \$3.75, Wheat 65¢. Do the work on a journal sheet before copying into your regular Journal, and submit it, together with the representative merchandise, to your teacher. After your work is approved, copy it into your Journal. Refer to the Merchandise Inventory for the Model Set while doing this work.

Directions for Taking Inventory of Resources and Liabilities. Having ascertained the value of the Merchandise on hand, the remainder of the Resources and Liabilities you will determine from your books or from the Trial Balance. Make the Inventory of Resources and Liabilities, using the one given for the Model Set as a guide. The difference between the Resources and Liabilities will give you Mr. Hammond's worth or capital. Subtracting his Capital on commencing from the Present Capital gives the Gain. To ascertain the sources of Losses and Gains, you will make a Balance Sheet. Before doing so, present your Inventory for approval.

Directions for Making Balance Sheet. Head a blank Balance Sheet as follows: "C. W. Hammond's Balance Sheet, Jan. 31, 189-." 2. Copy the Trial Balance on the Balance Sheet, following the directions given for the Model Balance Sheet. (Keep Model Balance Sheet before you while doing this work.) 3. Extend the balance of Cash to the Resource column. Why? 4. Enter the Inventory of Merchandise in the Resource column in red ink. Ascertain the Gain by subtracting the debit balance from the value of the merchandise on hand. Why is this amount a Gain? 5. Extend the total of Expense account to the Loss column. Why? 6. Extend the credit balances of the following accounts to the Liability column: Redfield & Son, Thos. J. Johnston & Co., Kaufman, Straus & Co., Bills Payable, A. Paul, Jr., Barlow, Henderson Co. Why are these accounts extended to the Liability column? 7. Extend the debit balances of the following accounts to the Resource column: A. P. Batson, Bills Receivable, Frey & Thomas, H. B. Philips & Co., Harry Powell. Why are these balances extended to the Resource column? 8. Rule and foot all six of the columns as shown in the Model. 9. Subtract the Loss from the Gain to find the Net Gain and extend it into the Loss column in red ink, referring to the Model to make sure that you are arranging your work properly. 10. To the Net Credit or Capital on commencing of Mr. Hammond's account add the Net Gain and extend the amount, which is his Present Capital, to the Liability column. Present your Balance Sheet for approval.

Directions for Closing Accounts Showing Losses and Gains. Open an account with Loss & Gain on page 5 of your Ledger.

MERCHANDISE ACCOUNT.—1. Enter the Merchandise Inventory as shown by the Inventory in the Balance Sheet on the credit side of the Merchandise account in *red ink*, following the directions as given for closing the Model Ledger. (See page 37.) 2. On the debit side enter in *red ink* the Gain, which is the difference between the sides including the Inventory, writing it as follows: "Jan. 31, Gain, 5," and the amount. 3. As the sides of the account are now equal, rule and foot same properly. (See *Mdse. Acct.*, page 38.) 4. Transfer the Inventory in *black ink* to the debit side below the ruling. 5. Transfer the Gain to the credit side of Loss & Gain account; writing in *black ink*, "Jan. 31, Mdse., 3," and enter the amount in the money column.

EXPENSE ACCOUNT.—1. On the smaller side write in *red ink*, “Jan. 31, Loss, 5,” and the amount which is required to balance the account, which is a Loss. 2. Rule the account as shown on page 38. 3. Transfer in *black ink* the Loss to the debit side of the Loss & Gain account as follows: “Jan. 31, Expense, 4, 177.00.”

LOSS & GAIN ACCOUNT.—1. On the smaller side enter the difference between the sides in *red ink*, writing, “Jan. 31, C. W. Hammond, 1,” and the amount. 2. Rule and foot the account, referring to the Loss & Gain account on page 38. 3. Transfer in *black ink* the Net Gain to the credit side of C. W. Hammond’s account, writing “Jan. 31, Net Gain, 5,” and the amount.

C. W. HAMMOND’S ACCOUNT.—1. On the debit side write in *red ink*, “Jan. 31, Present Capital,” and the amount. 2. Rule and foot the account. 3. Bring down the Present Capital in *black ink* to the credit side below the ruling.

Having finished closing the accounts that show Losses and Gains, check their balances as shown in the Ledger with those shown in the Resource and Liability columns of the Balance Sheet to see that you have made no errors in closing.

Present all your books for inspection.

While your teacher is examining your books prepare yourself for an examination upon the leading principles involved in the work of the foregoing pages. The following questions will aid you materially in this.

QUESTIONS FOR REVIEW.—What is bookkeeping? What is the object in keeping books? What is double entry bookkeeping? Define the Day Book-Journal. The Ledger. What is a debit? A Credit? What is an account? What is Journalizing? Posting? Give the general rules or principles for debiting and crediting. What is the object in taking a Trial Balance? Why is it a good plan to check over your postings before taking a Trial Balance? Why is it a better plan to take a Trial Balance, using the balances instead of the footings? In case your balance would not prove when you used the balances, would you try to get it by using the footings? Give your reasons for your answer. What is a Balance Sheet? What is the object of making a Balance Sheet? What is a Merchandise Inventory? How is the Merchandise Inventory ascertained? What is an Inventory of Resources and Liabilities? What does the difference between the total Resources and Liabilities show? When does an account show a Loss? A Gain? A Resource? A Liability? How is the Net Gain found? When would there be a Net Loss? How is the Present Capital determined? What is the next step after the Present Capital has been found? Why are the Loss and the Gain accounts in the Ledger closed? Into what account are they closed? Into what account is Loss & Gain account closed? Review all the questions given under the accounts previously presented.

FEBRUARY 1, 189-.

Continuation of Mr. Hammond's business. The amount of business transacted, the profits arising therefrom, and the success of the business generally, has induced Mr. Hammond to employ Mr. Frank Winter as salesman and receiving clerk, leaving you to devote your entire time to the books and office work. Mr. Winter will attend to the shipping and the receiving of all goods, O. K. bills, and sell to customers who buy at retail. Mr. Hammond, as heretofore, will attend to the soliciting of orders, make the purchases, and attend to the financial matters pertaining to the business. Mr. Winter will take charge of the stock as shown by your Inventory, and you will have nothing whatever to do with the handling of goods. Never enter an order or bill unless it has been O. K.'d either by Mr. Hammond or Mr. Winter.

The Cash Book is now introduced as the first of labor-saving books. It is generally considered a subdivision of the Day Book, and takes the place of the Cash account in the Ledger. All cash entries are to be recorded in this book and posted directly to the Ledger without being carried to the Journal. (*See pages 42 and 43.*)

The Method. Whenever cash is received, the amount is entered on the left or debit side (page) of the Cash Book, with the title of the account to be credited in posting, and an appropriate explanation. Whenever cash is paid out, the amount is entered on the right or credit side (page) of the Cash Book, with the title of the account to be debited in posting, and an appropriate explanation. The difference between the sides of the Cash Book should exhibit, at any time, the cash on hand. In business it is customary to prove cash every day; *i. e.*, ascertain whether the cash on hand agrees with the balance as shown by the Cash Book. The Cash Book is ruled daily, weekly, or monthly, usually the latter. The Cash Book is a great convenience in proving cash, as proving it when the cash entries are made in the Journal could be accomplished only with difficulty, because it would be necessary to collect the debit items and the credit items before their difference could be ascertained.

Model Cash Book. Carefully study the Model Cash Book illustrated on pages 42 and 43, make a transcript of it, and post same to a Ledger, on a sheet of ledger paper, referring to Ledger on pages 42 and 43, after which take a Trial Balance to test the correctness of the posting. You will observe that the items appearing on the debit side of the Cash Book are posted to the credit of the ledger accounts; also, that the items appearing on the credit side of the Cash Book are posted to the debit side of the Ledger. Excepting the amounts, the transactions recorded in the Model Cash Book are identical with the cash transactions recorded in the Day Book-Journal for January. Compare the Model Cash Book with the cash transactions recorded in the Day Book-Journal to learn why the cash book items are posted to the opposite sides of the ledger accounts. As no account of Cash is kept in the Ledger, the Cash Book, in which all receipts and payments of cash are recorded, is to be considered as the Cash account in the Ledger, and in taking a Trial Balance start by bringing the receipts and payments of Cash, or the balance on hand, to the Trial Balance, just as you would were the account kept in the Ledger. Then proceed as previously instructed with all other accounts in the Ledger. The Ledger of itself will not balance when it does not contain the Cash account, so always get the balance on hand from the Cash Book, which, as before stated, takes the place of the Cash account in the Ledger. Submit your work to the teacher. (Continued on page 44.)

Cash

Jan 1	L F	C W Hammond invested	5000		
		Mdse cash sale	324		
3		Mdse " "	766		
8		A P Batson on acct	200		
16		Frey & Thomas " "	600		
20		H B Phillips Co " "	150		
			7040	7040	
Jan 31		Balance			379725

C. W. HAMMOND.

189-				189-			
Jan.	29	C.	100	Jan.	1	C.	5000

MERCHANDISE.

189-				189-			
Jan.	1	C.	900	Jan.	1	C.	324
	1	C.	720		3	C.	766
	1	C.	500				

EXPENSE.

189-							
Jan.	2	C.	17 75				
	2	C.	90				
	31	C.	50				
	31	C.	15				

A. P. BATSON.

				189-			
				Jan.	8	C.	200

Cash

189-	13	Jan 1	Mdse	cash purchase	900		
			Mdse	" "	720		
			Mdse	" "	500		
	2		Expense	office books	17 75		
			Expense	rent	90		
	9		Redfield & Son	on acct	300		
	17		H Knefely & Son	" "	250		
	22		A Paul Jr	" "	300		
	29		C W Hammond	private use	100		
	31		Expense	student's salary	50		
			Expense	drayage bill	32 15	3242 75	
			Balance *	on hand		3797 25	
						7040	

*To be written in red ink.

REDFIELD & SON.

189-							
Jan.	9	C.	300				

FREY & THOMAS.

189-							
Jan.	16	C.				600	

H. KNEFELY & SON.

189-							
Jan.	17	C.	250				

H. B. PHILLIPS & Co.

189-							
Jan.	20	C.				150	

A. PAUL, JR.

189-							
Jan.	22	C.	300				

Feb.	Expense	Jan. Gas Bill	4.00	
------	---------	---------------	------	--

Give the reasons mentally for the debit and the credit.

No. 40.—RENT FOR FEBRUARY PAID. Pay the rent for the current month by check. Write the check, first filling the stub properly and deducting the amount from the previous balance. Examine your check carefully to see that you have made no errors. Tear it out and place it in the proper receptacle. No receipt is necessary. Why not? What account is to be debited? (*Rule 13.*) What account is to be credited? (*Rule 4.*) Make the entry from the stub of the check book on the credit side of the Cash Book. Why? Have you written the proper explanation?

No. 41.—SALE ON ACCOUNT. Make out the bill for this order (No. 41). Place the terms (15 das.) asked for on your bill. Re-calculate the items to see that you have made no errors. Note the check marks to the left of the items, and Mr. Winter's initials under the word "Filled;" these indicate that the order has been filled and the goods sent. In making this entry apply the General Rules. Make the entry in the Journal, using a journal sheet for that purpose. Place the bill in the proper receptacle and file the order as previously instructed.

No. 42.—PURCHASE ON ACCOUNT. Examine carefully bill No. 42 and go over the calculations. Note that the items have been checked off by Mr. Winter, which indicates that all the goods called for have been received by him. Mr. Hammond's O. K. and check marks opposite the prices indicate as usual that the prices charged are satisfactory to him. He does not examine the extensions and additions of the bills; that is the duty of the bookkeeper. You will O. K. the bill as usual if the calculations prove to be correct. Apply the General Rules for debiting and crediting, and make the entry in the Journal. File the bill properly.

No. 43.—SALE ON ACCOUNT. Bill the goods called for in this order (No. 43). Go over your calculations a second time. Mr. Winter's check marks and initials under "Filled" indicate that the goods have been sent. Never make out a bill for an order that is not checked off, as that clearly indicates that it has not been filled. Apply the General Rules for debiting and crediting and make the entry in the Journal. Place the bill in the proper receptacle and file the order.

FEBRUARY 2, 189—.

No. 44.—PURCHASE ON ACCOUNT. Examine this bill, verify the calculations and O. K. it. Are the items checked off in the vertical column to the left of the items, and has it been O. K.'d to show that the prices are correct and all the goods have been received? Never enter a bill that is not checked off and O. K.'d, as there is nothing to indicate that the goods have been received, as two or more bills may be sent for the same lot of goods, or the bill sent and the goods not delivered by oversight. Were you to credit the parties for every bill sent, you would very likely pay out money for goods that were not received. Apply the General Rules for debiting and crediting and make the entry in the proper book. File the bill.

No. 45.—CASH RECEIVED ON ACCOUNT. This check is in part payment of bill sold on the first inst. What has been received? Who supplied it? Note the indorsement on the back. The indorser is the one who supplied value to the business. Apply the General Rules for debiting and crediting and make the entry on the debit side of the Cash Book as follows: "2, T. A. Cooke, on acct.," and the amount. Why is this entry made on the debit side of the Cash Book? Place the check in the Cash Drawer.

No. 46.—CASH RECEIVED IN FULL OF ACCOUNT. Check No. 46 is in full payment of balance due by the party who sends the check. Refer to his account in your Ledger and see if the amount named in the check is the amount required to balance the account. Report to your teacher if you find that there is a discrepancy. What account has received value? (*Rule 3.*) What account has supplied it? (*Rule 16.*) Explanation excepted, this entry is similar to the entry for No. 45. The explanation should read "in full of acct." Place the check in the proper receptacle.

FEBRUARY 3, 189—.

No. 47.—DEPOSIT. You will now make a deposit. Count the currency in your Cash Drawer, fill out a deposit ticket, entering the amount opposite the word "Currency." Indorse the checks as instructed on page 28, and enter each separately where indicated on the deposit ticket. Foot the items, then carefully recount your currency and checks and re-add the items to make certain that there is no error. Enter the total amount of your deposit on the right-hand stub of your Check Book and add it to the last balance. On the left-hand stub make a copy of the items (names and amounts) on your deposit ticket, so that reference can be made to them when desired. Take your deposit together with your Pass Book to the bank.

No. 48.—CASH PAID ON ACCOUNT. Pay Thos. J. Johnston & Co. by check \$750 to apply on account. First fill the stub, deduct the amount from the previous balance, then write the check. Examine it carefully to see that you have made no mistake. Place it in the proper receptacle. Who has received value? What account has supplied it? Make the entry on the right-hand side of the Cash Book as follows: "3, Thos. J. Johnston & Co., on acct., 750." Give the reasons mentally for the debit and credit. Why is this entry made on the credit side of the Cash Book?

FEBRUARY 4, 189—.

No. 49.—CASH PAID IN FULL OF ACCOUNT. Turn to Barlow, Henderson Co.'s acct. in your Ledger and ascertain the amount the business owes them. Fill the stub of the Check Book, deduct the amount, then write the check for the balance due them. Examine it carefully to see that it is correct, then place it in the proper receptacle. Who has received value? What account has supplied it? Make the entry on the credit side of the Cash Book, similar to the entry for No. 48. The explanation should read "in full of acct." Why is this entry made on the credit side of the Cash Book?

No. 50.—PURCHASE ON ACCOUNT. Examine this bill to see if all of the goods have been received. How can you tell? Are the prices correct? Go over the calculations of the bill and if found correct O. K. it as per previous instructions. Make the entry in the Journal, applying the General Rules for debiting and crediting. File the bill properly.

Proving Cash. In small pencil figures, foot the sides of your Cash Book. Determine the balance by subtracting the credit from the debit footing. See if this balance agrees with the amount on hand, as shown by the check book stub, plus the amount in the Cash Drawer. Always exercise the utmost care in proving Cash so as not to make an error.

Fourth Report. Fill a report blank properly and hand it together with the vouchers and cash for others to your teacher. Have your cash book and journal sheets examined and approved. Copy them into your regular Cash Book and Journal. Re-write any of the vouchers that your teacher may reject on account of errors or poor appearance of work.

Posting. Open an account with T. A. Cooke, Cor. 8th & Market Sts., City, on the 15th line of page 10 of the Ledger; on page 16 open an account with Ballard & Ballard Co., Cor. 10th & Main Sts., City; on the 30th line of page 10, with J. E. Grimm, 948 State St., City; on the 14th line of page 16 with J. J. Disosway & Co., City. Post the items in the Day Book-Journal to the Ledger as previously instructed, and place the letter "J" in the explanation column of the Ledger accounts with all items posted from the Journal, to distinguish them from those to be posted from the Cash Book. Post your Cash Book next, making certain that you carry the items on the debit side to the credit side of the Ledger and the credit items to the debit side of the Ledger. Place the letter "C" in the explanation column of the ledger accounts with all items that are posted from the Cash Book, to distinguish them from those that are posted from the Journal. Check over your posting carefully to make sure that you have made no errors. Present your Ledger, Journal and Cash Book for inspection. If your work meets with approval you will proceed with the following transactions.

FEBRUARY 5, 189-.

No. 51.—CASH SALES, RETAIL DEPARTMENT. This cash Mr. Winter turns over to you as the amount received from cash sales for the week in the retail department. Count it carefully. What account receives value? (*Rule 3.*) What account supplies it? (*Rule 12.*) Make the entry on the debit side of the Cash Book, writing "Feb. 5, Mdse., retail sales, 50.25." Place the cash in the Cash Drawer.

No. 52.—SALE ON ACCOUNT. Examine this order to see if it has been filled. Make out the bill. Re-calculate the items of the bill. Apply the General Rules for debiting and crediting and make the entry. Place the bill in the proper receptacle and file the order.

No. 53.—CASH RECEIVED ON ACCOUNT. This check is to apply on account. What account has received value? What account has supplied it? Make the proper entry in the Cash Book. On which side is the entry made? Why? Place the check in the proper receptacle.

FEBRUARY 6, 189-.

No. 54.—DEPOSIT. Make a deposit of all currency and checks on hand, following instructions for No. 47. Have you made a detailed record on the left-hand stub of the Check Book?

No. 55.—CASH PAID IN FULL OF ACCOUNT. Turn to Thos. J. Johnston & Co.'s account in the Ledger and ascertain the amount the business owes them. Take your Check Book, fill the stub, deduct the amount from the last balance and write the check. Carefully examine it and place it in the proper receptacle. Apply the General Rules for debiting and crediting, and make the entry similar to the entry for No. 49. Why is this entry made on the credit side of the Cash Book?

FEBRUARY 7, 189-.

No. 56.—NOTE RECEIVED ON ACCOUNT. This note is to apply on account. Examine it carefully. Apply General Rules and make the entry. Place the note in the Cash Drawer. Is a note cash?

FEBRUARY 9, 189—.

No. 57.—CASH RECEIVED FOR NOTE DUE TO-DAY. This check is in payment of note due to-day. You will find the note in the Cash Drawer. Cancel the note by writing "Paid, Feb. 9, 189—, C. W. Hammond, _____ (your name) _____, Attorney," across the face, and place it in Vouchers for Others, from where it will be delivered to Mr. Batson, who will hold it as a receipt.

FEBRUARY 11, 189—.

No. 58.—NOTE GIVEN ON ACCOUNT. Write a note at 60 days for \$825, favor Ballard & Ballard Co., payable at City Bank, to apply on account. Notes made payable at the bank will be paid out of C. W. Hammond's deposit when due, the same as a check. Examine it very carefully. What account is to be debited? (*Rule 15.*) Credited? (*Rule 20.*) Make the proper entry, being careful to give the correct explanation. Place the note in the proper receptacle.

No. 59.—CASH PAID IN FULL OF ACCOUNT. Consult Redfield & Son's account in the Ledger and ascertain the amount the business owes them. In your Check Book fill the stub, deduct the amount and write the check for the balance due them. Carefully examine it and place it in the proper receptacle. Make the entry from the stub, applying the General Rules. This entry is similar to entries for Nos. 49 and 55.

FEBRUARY 12, 189—.

No. 60.—CASH SALES, RETAIL DEPARTMENT. Mr. Winter turns over to you the cash received from sales at retail. Count it carefully. This entry is similar to entry for No. 51. Where will you place the cash?

No. 61.—DEPOSIT. Deposit all the cash in the Cash Drawer, observing instructions in detail as given for No. 47. Be sure that you omit nothing.

FEBRUARY 13, 189—.

No. 62.—SALE ON ACCOUNT. Order No. 62 has been filled. Make out the bill, placing the terms, "20 das.," where indicated. Go over the extensions and addition. Apply the rules and make the entry. Place the bill in the proper receptacle. File the order.

No. 63.—NOTE DUE TO-DAY PAID BY CHECK. Kaufman, Straus & Co. have left their note due to-day with your teacher for collection. Fill the stub properly, deduct the amount, and write the check, making it payable to Kaufman, Straus & Co. Take the check to the teacher and get him to cancel the note. File the note as a receipt. Make the entry from the stub of the Check Book. Debit—*rule 19*; credit—*rule 4*. In what book is the entry made?

FEBRUARY 14, 189—.

No. 64.—NOTE RECEIVED ON ACCOUNT. This note is in part payment of what the maker owes the business. Carefully examine it. Make the entry, applying the General Rules. Place the note in the Cash Drawer.

Proving Cash. Add the sides of your cash book sheet in neat pencil figures and ascertain whether the balance agrees with the amount on hand (in the bank). If found to agree, balance, rule (in red ink) and foot the Cash Book as shown in the Model on pages 42 and 43. Bring the balance down below the ruling in black ink.

Fifth Report. Make a report on a report blank and hand same to your teacher, together with your cash and vouchers for others. Rewrite all vouchers that do not meet with approval. Submit your cash book and day book-journal sheets for inspection and approval. Copy them into your regular Cash Book and Day Book-Journal, then balance and rule the Cash Book. In doing this, observe any suggestions your teacher made while examining your work.

Posting. Post all items from the Day Book-Journal to the Ledger, as previously instructed, placing the letter "J" in the explanation column. Post from the Cash Book, using the letter "C" as explanation to indicate that the items came from the Cash Book. Be sure to post the items on the debit side of the Cash Book to the credit of the proper accounts in the Ledger; also post the items on the credit side to the debit of the ledger accounts. Do you clearly comprehend why this is done? After the posting is completed, check over your work as you have been previously instructed.

Trial Balance. As the Cash Book takes the place of a part of your Ledger—the Cash account—it will be necessary to treat it as you would the Cash account in taking a Trial Balance. On a journal sheet start your Trial Balance with Cash, bringing in the balance as shown by the Cash Book. Proceed as previously instructed with all accounts in the Ledger that do not balance. Foot the sides. When found to be equal, submit your Trial Balance to your teacher for approval. Never ask anyone to assist you in finding errors in your trial balances until you have made every effort to find them yourself.

Errors in Trial Balances. Much time is spent in correcting errors that are due, not to a lack of knowledge of the work in hand, but simply to lack of care. A bookkeeper must learn to find mistakes, although a constant effort should be made to avoid them. If the Trial Balance does not at first balance, he should not be discouraged, for a systematic search will always disclose the error. The instructions given below should be followed explicitly and in the order given. Poor figures cause many of the errors in bookkeeping. Errors may be made because figures are improperly formed, and therefore are misread; figures may not be written in columns, thus causing mistakes in addition; or corrections may be carelessly made, rendering the figures illegible. A good bookkeeper will make good figures. The acquiring of a habit of accuracy is one of the valuable things that bookkeeping teaches, and a constant effort should be made to improve in this particular. A permanent record of errors, kept perhaps on one of the fly leaves of a text-book, will be of value in showing what errors you are most liable to make, and thus enable you to guard against them.

TO FIND ERRORS WHEN THE TRIAL BALANCE DOES NOT BALANCE.

First.—Review carefully the addition of the Trial Balance.

Second.—Find the exact amount out of balance. Look for this amount in the Journal, and in all other books from which posting is done; also, look for one-half the amount, and see if such amounts are posted correctly.

Third.—Review the additions of the Ledger accounts, and see if all footings have been transferred correctly from Ledger to Trial Balance.

Fourth.—See if all previous balances and inventories have been brought down below the rulings on the proper side.

Fifth.—See that no amount has been entered on the wrong side, omitted, or entered twice in the Trial Balance.

Sixth.—Check the posting in the order of dates, beginning at date of last Trial Balance, as follows:

(a) See that the Journal entries of each transaction balance;

(b) Check each entry in Ledger, in the order of original posting, as found to be correct. Place a check mark in pencil, thus, ✓, in the Ledger against each item examined and found to be correctly posted. (Sharpen your pencil and make very small, light check marks that may afterwards be erased.) *Never review the posting without checking in the Ledger.* The probable location of an error may frequently be determined by its amount. An error of several thousand dollars could only be in accounts containing large amounts, or a balance placed on the wrong side, or the omission of an account. An error of only a few cents is likely to be in Interest or Discount, or the omission of the cents in posting some account. If the amount out of balance is exactly 1.00, 10.00, 100.00, 1000.00, etc., the error is usually in addition. If the amount out of balance is divisible by nine, the error may be a transposition of figures.

In case it becomes necessary to review and check the posting, and an error is found in this process, but which is not the amount required to make the trial balance prove, correct the error thus discovered; then find the exact amount still required to make the Ledger balance, and again apply the short tests given above before going on with the examination of the posting. Continue in this way until the Trial Balance balances.

Correction of Errors. The manner of correcting an error depends upon the nature of it, and upon the book in which it appears. As a rule, erasures should not be made in any of the books, and particularly in the books of original entry.

In case of an error, consult the teacher for instructions regarding its correction.

When your Trial Balance has been approved, copy it into your Trial Balance Book, but do not make an Inventory of Resources and Liabilities, and Balance Sheet.

Trial Balances and Balance Sheets in Business. In business it is customary to take a Trial Balance once a month, and to make an Inventory of Resources and Liabilities and a Balance Sheet to ascertain the gain or loss and the true standing of the business once or twice a year. To give you ample practice in taking Trial Balances and making Balance Sheets, you will be required to perform these operations oftener than is necessary and customary in business.

Carefully read and study the following, preparatory to the continuation and handling of the new features of the business.

Classification of Orders. Our written order requesting our bank to pay money out of our deposit to some person named therein is called a *Check*. You have already become acquainted with this class of orders.

Our written order requesting a person to deliver goods or valuables of any kind to some person (either himself or some one else) named therein is called an *Order*. You are also familiar with this class of orders.

Our written order requesting a person (usually some one who owes us) to pay to some person (either ourselves or some one we owe) named therein is called a *Draft*.

A bank or banker's written order requesting some other bank or banker to pay money to some person named therein is called a *Bank Draft* or *Bill of Exchange*.

Drafts. A draft is a written order on a person requesting him to pay a certain sum of money to another person. A draft differs from a check in that it is drawn on an individual, while a check is drawn on some bank or banker. When a bank or banker draws a draft on another bank or banker it is known as a *Bank Draft* or *Bill of Exchange*.

When Payable. There are two kinds of drafts. Those payable when made, are termed sight drafts or demand drafts; those payable at some future time are termed time drafts.

Object. The primary object of drafts is to facilitate the collection and payment of debts, and obviate the inconvenience, expense, risk and delay incident to transmitting money from place to place.

Form of Draft. The following is the form of draft in common use.

\$500.⁰⁰ No. 27 (YOUR PLACE HERE) Feb. 4 1889

At sight Pay to the

Order of Geo. W. Muster

Five Hundred ⁰⁰/₁₀₀ Dollars

Value received, and charge the same to account of

To Edw. Small

San Francisco Martin Williams

In the above draft Martin Williams requests Edward Small to pay George W. Muster \$500. The presumption is that Small owes Williams or Williams would not request him to pay Muster, whom Williams must be owing or he would not order the money to be paid to him.

Martin Williams is the *drawer* of the draft, Edward Small is the *drawee*, and George W. Muster, the *payee*. The drawer is the one who gives the order, the drawee is the one on whom it is drawn and who is expected to pay to the payee, who is to receive the money.

When Martin Williams mails this draft to Geo. W. Muster, of San Francisco, he debits Geo. W. Muster on his books and credits Edward Small, because Muster will *receive* value, and Small will *supply* value when he pays the draft.

When Muster receives the draft he takes it to Small, who resides in the same city, and receives the cash for same. On his books he will debit cash and credit Williams, because Williams ordered the value to be supplied to him. It would have been impossible for him to get money from Small without Williams' order, because Small is not one of Muster's debtors.

Small will debit Williams because he paid a debt for him, thereby indirectly supplying value to him, and credit cash.

NOTE.—If for some reason Small were to refuse to pay the draft, neither Small nor Muster would make any records on their books. Muster would mail the draft to Williams, stating that payment was refused. Williams would then be obliged to make an entry, crediting Muster and debiting Small, to cancel the entry made when the draft was sent.

The General Rules for debiting and crediting are to be applied to all drafts.

Special Instructions for Debiting and Crediting Drafts. (a) As you have already learned, when you give your check to a person, that person is debited, because he received the value, and Cash account is credited, because it supplied the value out of your deposit in the bank on which the check was drawn. Likewise when you order (draw a draft on him) one of your debtors to pay one of your creditors a certain sum of money, you debit the creditor because he receives the value, and credit the debtor because he supplies it. Apply these instructions to No. 66.

(b) When you draw a draft on one of your debtors payable to yourself and leave it at the bank for collection, you make no entry until the bank notifies you that the amount has been collected and placed to your credit, when you will debit Cash because that account received the value, and credit the party from whom the account was collected because he supplied the value. Should the bank fail to make the collection, no entry will be necessary. Apply these instructions to No. 151.

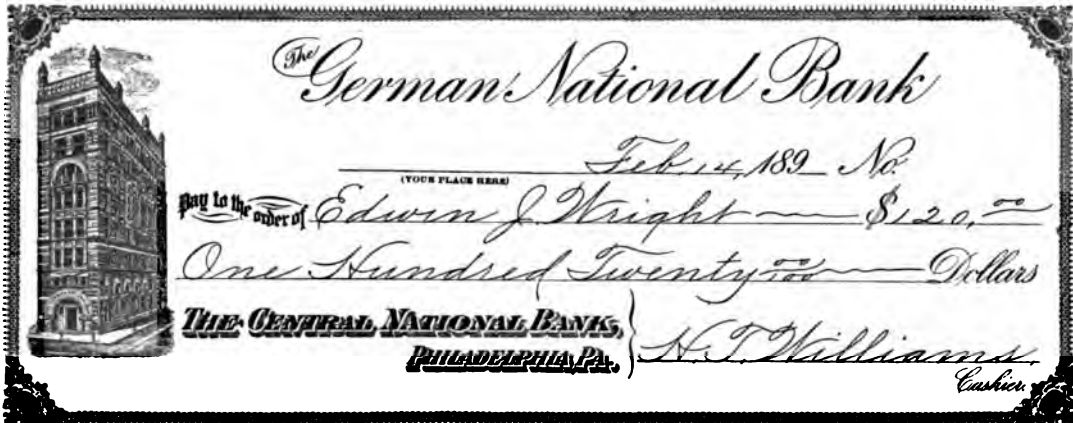
(c) When you receive a time draft drawn on some person and accepted by that person, and endorsed over to you by the payee (the one to whom it is payable), it is a written promise to pay you a certain sum of money. You debit Bills Receivable because that account received the value, and credit the party (the payee) who endorsed the draft because he supplied the value to your business. Apply these instructions to No. 116.

(d) When one of your creditors orders you (draws a draft on you) to pay a certain sum of money to some person named therein, it is nothing more than his request; when you pay it, the creditor who ordered you to pay it is debited because indirectly he received the value, and Cash account is credited because it supplied the value. When it is payable to himself the same rule applies, the only difference being that he receives the value directly instead of indirectly. Apply these instructions to No. 89.

(e) When one of your creditors orders you (draws a draft on you) to pay a certain sum of money at a future time to some person named therein and you promise (in writing) to pay it, it becomes a Bills Payable. The party ordering you (drawing on you) to pay it is debited because either directly or indirectly he received the value—directly when payable to himself and indirectly when payable to some one else—and Bills Payable is credited because that account supplied the value. To promise to pay a draft in writing is to write across the face of the draft "Accepted," the date and your signature, which is equal in effect to giving a party your promissory note. It is customary to write the acceptance in red ink, although there is no necessity for so doing. Apply these instructions to No. 119.

The Bank Draft. When you wish to remit to a party in some distant place in payment for goods, and the party does not know of your financial standing, it would not be wise to send your check, as the party, not knowing that you have sufficient funds in the bank to pay the check, would hesitate and possibly refuse to accept it as payment, or would have the check collected by his bank before he would send the goods ordered. This would cause delay, inconvenience and annoyance. The better plan is to make your check payable to "New York Exchange" (or exchange on some other city, depending on where your bank has a correspondent), take it to your bank and receive a bank draft for same, and send it to the party from whom you desire to purchase. This will be accepted, although you are a stranger to him.

Suppose you wish to purchase 10 brls. New Orleans Molasses from Edwin J. Wright, of New Orleans, and the cost of same is \$120. You will write your check for \$120 payable to "Philadelphia Exchange," favor Edwin J. Wright; taking the check to the bank which in the illustration given on the next page is the German National Bank, you will receive a bank draft similar to the following:



In the above the German National Bank, through its cashier, orders the Central National Bank of Philadelphia to pay \$120 to Edwin J. Wright. This will be accepted by Mr. Wright, as his bank will receive it on deposit or cash it unhesitatingly, knowing that it will be paid by the Central National Bank of Philadelphia when presented. This bank draft is known as "Philadelphia Exchange" instead of "New York Exchange," as it is drawn on a Philadelphia bank. The German National Bank would not have drawn on the Central National Bank did it not have money on deposit there against which it may draw for the accommodation of its depositors, as illustrated in the above case. In this case the Central National Bank is known as the correspondent of the German National Bank. Sometimes banks make a slight charge for selling exchange; in that case, debit Expense for the charge. If desired to show results in detail, an account must be opened with Exchange.

No. 65.—SALE ON ACCOUNT. This order has been filled. Bill and enter same. Apply rules 1 and 2 in making the entry. Go over your calculations before placing the bill in its receptacle. File the order properly.

FEBRUARY 15, 189—.

No. 66.—ORDER ON A DEBTOR TO PAY A CREDITOR. Turn to A. Paul, Jr.'s account in the Ledger and ascertain the amount the business owes him. Take a blank form and write a draft, ordering A. P. Batson, who owes the business, to pay to A. Paul, Jr., at sight, the amount the business owes Mr. Paul. Examine it carefully to see that you have made Batson the drawee, Paul the payee, and C. W. Hammond, (your name) Atty., the drawer. By this operation the business ceases to owe Mr. Paul and Mr. Batson ceases to owe the business the amount named in the draft. Determine the accounts to be debited and credited by reading "a" under the instructions for debiting and crediting drafts, page 51. Make the entry, debiting the payee and crediting the drawee. Why? Write for explanation the following: "Drew draft on A. P. Batson favor A. Paul, Jr." Place the draft in an envelope and address it to A. Paul, Jr. Do not seal it. Place the envelope in Vouchers for Others. When Mr. Paul receives this draft he takes it to Mr. Batson and receives the amount called for.

NOTE.—It has been pre-arranged by Mr. Hammond that Mr. Batson is to pay the draft and Mr. Paul has agreed to accept it. It would be very unbusinesslike to draw on a debtor in favor of a creditor unless there is some assurance that the draft will be honored when presented.

FEBRUARY 16, 189-.

No. 67.—PURCHASE ON ACCOUNT. Examine this bill. Have all the goods been received? Are the terms and prices correct? How can you tell? Test the calculations, and if found correct, O. K. it and make the proper entry, applying the General Rules.

No. 68.—SALE ON ACCOUNT. If this order has been filled, make out the bill and enter in your Journal, applying the General Rules. Re-calculate the items of your bill and place it in the proper receptacle. Have you filed the order?

No. 69.—DRAFT REQUESTING A DEBTOR TO PAY A CREDITOR. H. B. Phillips & Co. are willing to honor (pay) our draft on them for the amount they owe the business. Turn to your Ledger and ascertain the amount. Using a blank form, write a draft requesting them to pay that amount to Kaufman, Straus & Co., whom the business owes. Inspect the draft critically. Who receives value by this operation? Who supplies the value? Read "a" under instructions for debiting and crediting drafts, page 51, and make the entry. This entry is similar to entry for No. 66. Place the draft in an envelope and address it to Kaufman, Straus & Co. Place the envelope in the proper receptacle.

FEBRUARY 17, 189-.

No. 70.—NOTE GIVEN ON ACCOUNT. Write a note favor of J. J. Disosway & Co. for one month for \$1250, making it payable at the City Bank. Critically examine the note. Debit—*rule 15*; credit—*rule 20*. Make the entry, being careful to give the proper explanation. Place it in the proper receptacle.

No. 71.—DRAFT ON A DEBTOR TO PAY A CREDITOR. Turn to Kaufman, Straus & Co.'s account in the Ledger and ascertain the amount the business owes them. Do not fail to deduct the amount of the Journal entry on the 16th inst., as that entry has not been posted. Mr. T. A. Cooke has agreed to honor (pay) our draft on him for any amount he owes the business. Draw a draft on him at sight for the amount the business owes Kaufman, Straus & Co. Examine your draft carefully; read "a" under instructions for debiting and crediting drafts, page 51, and make the entry. This entry is similar to entries for Nos. 66 and 69.

FEBRUARY 18, 189-.

No. 72.—SALE ON ACCOUNT. Bill the goods called for in this order if they have been sent. How can you tell? Make the entry, applying rules 1 and 2. Re-calculate the items on the bill, then place it in the proper receptacle. File the order.

No. 73.—CASH SALES RETAIL DEPARTMENT. Mr. Winter turns over to you this Cash (No. 73), being the amount received from cash sales in the retail department. Count it carefully and make the entry in the proper book, applying rules 1 and 2. Place the Cash in the Cash Drawer.

Study the following and be prepared to answer all the questions.

Interest and Discount. Interest is the compensation received or paid for the use of money *when or after it is due*. Discount is the compensation received or paid for the use of money *before it is due*. The object of this account is to show the gain or loss resulting from loaning or borrowing money, or discounting and buying Commercial Paper. By Commercial Paper is meant notes, drafts, etc. The Special Rules for debiting and crediting Interest & Discount are:

21. *DEBIT Interest & Discount when either costs the business value.* 22. *CREDIT Interest & Discount when either supplies value to the business.*

When the debit side of the account is the larger the difference is a Loss; when the credit side is the larger the difference is a Gain. The above rules for debiting and crediting will apply also to Exchange, Premium, Collection, Storage, Commission—in fact to all allowance accounts. It is customary to keep Interest and Discount in one account, although some prefer to keep an account with Interest and another with Discount.

NOTE.—In calculating interest and discount the rate to be employed is 6%, and days of grace are not to be considered.

TRANSACTIONS ILLUSTRATING INTEREST & DISCOUNT ACCOUNT.

Jan. 1. Paid interest on note favor Joseph Winter, \$6.25. Jan. 2. Received cash for interest on John Keller's note, \$7.20. Jan. 8. Purchased a note from Jos. Frey for \$400, less discount to maturity, \$3.80. Jan. 12. Discounted my note at bank for \$6000, the discount being \$5.60. Jan. 18. Received cash from H. Stadler for his note due to-day, \$800, and interest, \$48. Jan. 23. Paid annual interest on my note favor Martin Schwartz, \$21. Jan. 26. Purchased a note from August Schreiber for \$650, less discount to maturity, \$4.60. Jan. 30. Discounted Jacob Hauser's note at bank, the discount being \$6.75.

Interest & Discount

189—		189—	
Jan 1	6.25	Jan 2	7.20
12	5.60	8	3.80
23	21	18	48
30	6.75	26	63.60
31	24		
	63.60		63.60

Gain.

*63.60
39.60
24.00*

*To be written in red ink.

The debit side of the above account shows that Interest & Discount has cost the business value to the amount of \$39.60; the credit side shows that value has been supplied to the business to the amount of \$63.60; the difference between what has been supplied (63.60) and what has been paid out (39.60) is \$24, which is a Gain. In case more has been paid out than has been received, the result is a Loss.

QUESTIONS. What is Interest? What is Discount? When is Interest & Discount account debited? When credited? When the debit side of the account is the greater, is the difference a Loss or a Gain? To what other accounts will the above rules apply? What is the object of keeping the Interest & Discount account?

No. 74.—NOTE DISCOUNTED AT BANK. Mr. Hammond wants you to have discounted at bank H. B. Phillips & Co.'s note of the 31st ult. Take the note from your Cash Drawer and find how many days it has to run, including the day it falls due. Calculate the discount at 6% for the number of days it has to run. Endorse the note *in blank* (on the left-hand end); *i. e.*, write "C. W. Hammond, (your name) Atty." Take it and your Pass Book to the bank. The bank will discount it (purchase it, less the discount to maturity). Tell the clerk what the discount amounts to, and have him enter the amount of the proceeds in your Pass Book. Having received the proper credit in your Pass Book, return to your desk and enter the following on the left-hand stub of the Check Book: "Feb. 18, discounted H. B. Phillips & Co.'s note \$400 less discount, 80¢, 399.20." Add the net proceeds (399.20) to the amount in bank. In your Cash Book on the debit side record the following: "18, Bills Receivable, Dis. H. B. Phillips & Co.'s note, \$400." (Take more than one line for explanation whenever necessary.) On the credit side of your Cash Book record the following: "18, Interest & Discount, H. B. Phillips & Co.'s note, 80¢." Why do you debit cash for \$400? (*Rule 3.*) Why do you credit Bills Receivable for \$400? (*Rule 18.*) Why do you debit Interest & Discount? (*Rule 21.*) Why do you credit Cash for 80¢? (*Rule 4.*) Look up these rules carefully and do not pass by this transaction before you understand it thoroughly.

The bank gives you \$399.20 for the note; *i. e.*, it increased your deposit that amount, which is equal to paying you \$400 and you paying it 80¢ discount, just as the records in your Cash Book make it appear you did. Remember that a note is always debited and credited for its face; therefore, when you sell a note to a bank or to some other person for less than its face it will be necessary to make the entry on the debit side of the Cash Book for the full amount; on the credit side make the entry for the amount allowed the party to whom you sell it, for the accommodation, which is charged to Interest & Discount. Did Interest & Discount *cost* the business value, or has it *produced* value to the business, by this transaction? What is the bank going to do with the note that it has just discounted for you? Who will pay the note when it becomes due? In case they fail to pay it, who will be held responsible by the bank for its payment? Why?

NOTE.—In Philadelphia, Baltimore, Louisville and some other cities it is customary to include both the day of discount and the day of maturity when computing the bank discount on commercial paper. Follow the instructions as given above unless otherwise directed by the teacher.

FEBRUARY 20, 189—.

No. 75.—NOTE PAID BY CHECK. The note favor of Henry Knefely & Son, which is due to-day, has been left with your teacher for collection. After filling the stub of your Check Book properly, write the check, making it payable to Henry Knefely & Son. Take it to the teacher and get him to cancel the note. File the note as a receipt. What account is to be debited? (*Rule 19.*) What account has supplied value? (*Rule 4.*) Make the entry in the Cash Book. When entries are made for checks issued, on which side of the Cash Book are they always made? Why? Have you written the proper explanation for this entry?

FEBRUARY 20, 189—.

No. 76.—PURCHASE FROM AN OUT OF TOWN PARTY. Mr. Hammond has ordered the goods called for in this bill. The goods have all been received and the freight has been pre-paid and added to the bill. In order to receive the goods it was necessary for Mr. Winter to

present the shipping receipt that accompanied this bill, at the local freight office. Go over the calculations and addition, and if found correct O. K. same. Make the entry, applying rules 1 and 2. File the bill.

No. 77.—CASH REMITTED TO A CREDITOR. Write a check favor A. Engelhard & Son for \$200 to apply on account. Have you filled the stub and deducted the amount? Write them a letter as follows:

.....(Your place here)....., February 20, 189—.

*Messrs. A. ENGELHARD & SON,
Louisville, Ky.*

Gentlemen,—

Enclosed please find my check for \$200 to apply on account. Please acknowledge receipt of same, and oblige,

Yours truly,

C. W. HAMMOND,

per(your name).....

Place the check on the letter sheet, then fold the letter properly, and after addressing the envelope correctly, insert it but do not seal it. Place the envelope in Vouchers for Others. Make the entry, applying rules 1 and 2. In what book is the entry made?

No. 78.—PURCHASE FROM AN OUT OF TOWN PARTY. The goods called for in this bill have been ordered by Mr. Hammond from C. Wilt & Son's salesman, who was in the city last week. Have the goods been received? Are the prices correct? How can you tell? Notice that the freight has been prepaid and added to the bill. Test the calculations and O. K. the bill. What would you do in case you discovered an error? Make the entry, applying the General Rules. File the bill.

No. 79.—NOTE DISCOUNTED AT BANK. Discount Frey & Thomas' note at bank. Find how many days it has to run, including the due date. Take it and your Pass Book to the bank and tell the clerk what the discount amounts to. Also see that you receive proper credit in your Pass Book for the net proceeds. Return to your desk and make a record on the left-hand stub of your Check Book as instructed for No. 74. Have you added the net proceeds to the amount in bank? What has the business parted with (supplied to others)? What account cost the business value? (*Rule 21.*) What has the business received in return for the note (Bills Receivable) it sold to the bank? On the debit side of the Cash Book enter the face of the note as instructed for No. 74; on the credit side enter the discount as per instructions for No. 74. Have you written the proper explanation? Why not enter the actual amount received from the bank on the debit side of the Cash Book and omit the entry on the credit side?

FEBRUARY 22, 189—.

No. 80.—SALE TO AN OUT OF TOWN PARTY. Order No. 80 is from an out of town party. His references speak well of him, and his ratings by Dun and Bradstreet (Mercantile Agencies) are good. Mr. Hammond has ordered the goods to be shipped to him. Bill and enter same, applying General Rules. Go over your calculations. It will be necessary for

you to fill out a triplicate set of Shipping Receipts (sometimes called Bills of Lading) in the blank book furnished for that purpose as follows:

SHIPPING RECEIPT.

Feb. 22, 189

Received from C. W. Hammond (YOUR PLACE HERE)

BY INTER-STATE TRANSPORTATION COMPANY,

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said Company agrees to carry to the said destination, if on its road, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed, in consideration of the freight charged for this service, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, shown or endorsed hereon, and which are hereby agreed to by the shipper and by him accepted for himself and assigns as just and reasonable.

MARKS, CONSIGNS AND DESTINATION.	DESCRIPTION OF ARTICLES.	WEIGHT SUBJECT TO CORRECTION.
<u>A. J. Gouley</u>	<u>167 bu Beans</u>	
<u>Louisville</u>	<u>950 " Corn</u>	
<u>Ky.</u>	<u>672 " Peas</u>	
	<u>500 " Oats</u>	

For Inter-State Transportation Company,

Freight Agent.

Observe that your forms are printed in triplicate. The first is designated as *Original*, the second as *Forwarding Order*, and the third as *Duplicate*. After you have the set filled out as illustrated above, take your book to the freight agent, or in case there is none, take it to your teacher, who will act as freight agent, and have him receipt for the goods. In business no freight agent would sign a shipping receipt or bill of lading unless accompanied by the goods to be shipped.

The freight agent will keep the *Forwarding Order*; you will leave the *Duplicate* in the book as a receipt in case any dispute arises or the goods fail to reach their destination; and you will detach the *Original* and enclose it with the bill. Place both in an envelope addressed to the party who ordered the goods, and put the envelope in Vouchers for Others.

Proving Cash. In neat pencil figures foot the sides of your Cash Book and ascertain whether the balance as shown by the Cash Book agrees with the amount on hand (in the bank and Cash Drawer). In case there is a discrepancy which you can not locate after making a diligent effort, report same to your teacher, but do not be disappointed if he refuses to find your error for you. It may be of such a nature as not to warrant his assistance, and be due entirely to your carelessness.

Sixth Report. Make a report on a Report Blank and hand it to your teacher together with the vouchers and cash for others. Re-write any of the vouchers that do not meet with approval. Have your journal sheet and cash book sheet examined, after which copy them into your regular Journal and Cash Book, being careful to make your work look as neat as possible.

Posting. Open accounts as follows: Interest & Discount on the 29th line of page 4; A. J. Gouley, Louisville, Ky., on page 11; Renaker & Heinrich, City, on the 29th line of page 16; A. Engelhard & Son, Louisville, Ky., on page 17; and C. Wilt & Son, Philadelphia, Pa., on the 14th line of page 17. Post to your Ledger, being sure that you make no errors in posting from the Cash Book. Remember the items on the debit side of the Cash Book

are posted to the credit of your Ledger accounts; also the items on the credit side of the Cash Book are posted to the debit of the Ledger accounts. Check over your posting carefully; never fail to check over your posting, as thereby you will save much worry, annoyance and time.

No. 81.—OFFICE FURNITURE PURCHASED FOR CASH. The items called for in bill No. 81 have been received and the prices are correct. Verify the addition and O. K. the bill if found to be without error. This furniture is for use in Mr. Hammond's private office and in the shipping department. Pay the bill by check. Place the check in the proper receptacle and file the bill on the Voucher File. Make the entry from the stub of the Check Book, applying *rule 13* for the debit and *rule 4* for the credit, and charging to Furniture & Fixtures account. Furniture & Fixtures account is treated exactly like Expense account, as it is a subdivision of that account and is opened to show what amount has been expended for furniture and fixtures instead of being included under the general heading of Expense. (*See explanation and illustration of Expense account, page 17.*)

No. 82.—PURCHASE ON ACCOUNT. Calculate the items of bill No. 82 to see that no error exists. Have the goods been received? Make the entry, applying the General Rules. File the bill properly.

FEBRUARY 23, 189—.

No. 83.—SALE TO AN OUT OF TOWN PARTY. Bill and enter this order. Go over your calculations a second time and make the entry, applying rules 1 and 2. Make out three (3) shipping receipts, applying the instructions as given for last order. Take them to the freight agent and have him receipt the same. Enclose the *Original* with the bill for the goods in a correctly addressed envelope, but do not seal it.

No. 84.—ORDER ON A DEBTOR TO PAY A CREDITOR. Write a draft ordering A. J. Gouley, of Louisville, Ky., to pay A. Engelhard & Son of the same city the amount the business owes them. Turn to the proper book and find the amount. As both parties reside in the same city it will obviate the necessity of Mr. Gouley remitting to C. W. Hammond the amount he owes our business, and C. W. Hammond in turn remitting to A. Engelhard & Son the amount the business owes them. When A. Engelhard & Son receive this draft they will take it to Mr. Gouley, who will pay them the amount as he agreed to when he gave us the last order. (*See order on file.*) What account receives value? What account supplies value? Make the entry, debiting the party who receives value and crediting the party who supplies value. Inclose the draft in a properly addressed envelope. To whom will you send the draft, the Payee or the Drawee? Why not send it to the other party? Your teacher will tell you if you can not determine for yourself.

No. 85.—CASH RECEIVED ON ACCOUNT. Enter this check (No. 85) and place it in the Cash Drawer. What account received value? What account supplied value? In what book are all checks entered? Do you examine all checks carefully as to the form, wording and proper method of filling or writing same?

Ask questions at the proper time on all points you do not fully understand. A good student should be a good questioner. In performing this work never regulate your pace by that of some other student or endeavor to accomplish more than you can understandingly, and not sacrifice the appearance of your work. Work with dispatch but never hurry; remember, "What is worth doing at all is worth doing well."

FEBRUARY 24, 189-.

No. 86.—CASH RECEIVED IN FULL OF ACCOUNT. This check (No. 86) is sent in full for the amount the debtor owes the business. Turn to his account and determine whether the amount of the check is equal to the amount as shown by his account. If found to agree, make the entry, applying rules 1 and 2. Place the check in the proper receptacle. Why are checks more commonly used by business men than currency or specie? Give two reasons.

No. 87.—DEPOSIT. Make a deposit. Count all the currency in the Cash Drawer. Fill out a deposit ticket, entering the amount opposite the word "currency." Endorse the checks as previously instructed, and enter each check separately where indicated on the deposit ticket. Foot your deposit ticket, then carefully re-count your currency and checks, also re-add the items to make certain that there is no mistake. Enter the total amount of your deposit on the right-hand stub of your Check Book, and add it to the amount in bank. On the left-hand stub make a copy of the items on your deposit ticket so that reference can be made to it when desired. Take your deposit and Pass Book to the bank. Have you received proper credit for your deposit?

No. 88.—NOTE DISCOUNTED AT BANK. Take from your Cash Drawer J. E. Grimm's note dated Feb. 14, and calculate the discount preparatory to having it discounted at the bank. First, determine the time it has to run including the due date. After you have found the discount, endorse the note in blank as previously instructed. Take it to the bank and state what the discount amounts to. After receiving credit for the net proceeds in your Pass Book, return to your desk and make the proper record on your Check Book, as per instructions for Nos. 74 and 79. Be sure to refer to Nos. 74 and 79 so that you will make no error. From the stub of the Check Book enter the face of the note on the debit side of the Cash Book, applying previous instructions as per above numbers, and write the proper explanation. On the credit side of your Cash Book debit Interest & Discount for the proper amount, being careful to refer to previous instructions, and write the explanation correctly. Why is Bills Receivable credited? (*Rule 18.*) Why is Cash debited for \$1500? Why is Interest & Discount debited? (*Rule 21.*) Why is Cash credited for the amount of the discount? Do not fail to consult your teacher in case you do not clearly understand any of the details given for this class of transactions.

No. 89.—SIGHT DRAFT PAID IN CASH. No. 89 is a written order requesting Mr. Hammond to pay a certain sum of money to the drawers of the draft. As the business is indebted to them for that amount and over, you will pay the draft, by check. The entry for this transaction is similar to the entry made when cash is paid to a party on account, as the draft is nothing more than a request, and should Mr. Hammond for some cause or other refuse to pay it, no entry would be required. Notice the endorsements made on the back of the draft. The last one was made by the bank's messenger who brought the draft to your office to receive payment for same. When making this entry write for explanation "Paid sight draft." File the draft on the Voucher File as a receipt.

FEBRUARY 26, 189-.

No. 90.—CASH SALES, RETAIL DEPARTMENT. This cash (No. 90) the salesman turns in as the amount received for cash sales for the past week. Count it carefully. Make the entry correctly in the proper book. Re-count the cash and place it in the Cash Drawer. Have you made the proper entry? Have you written the proper explanation for this entry?

No. 91.—PROPRIETOR DRAWS CASH FOR PRIVATE USE. Mr. Hammond wishes \$100 for private use. Pay him the amount, placing the currency in Cash Paid Out. Who has received value? What account supplied it? Make the entry in the proper book, applying rules 1 and 2.

No. 92.—PROPRIETOR TAKES MERCHANDISE FOR PRIVATE USE. Mr. Hammond has requested Mr. Winter to send one barrel of Flour to his residence by the City Carting Co. No bill will be necessary. You will charge him cost price for the flour and credit the account that supplied the value. Be sure to make the proper explanation, as this is a very important part of any entry.

FEBRUARY 27, 189—.

No. 93.—CHECK RECEIVED ON ACCOUNT. This check (No. 93) has been sent to apply on account. Carefully read the letter (No. 93) that accompanied the check. Write a letter on one of Mr. Hammond's letter heads acknowledging receipt of the check and state that you have given him proper credit for the amount. Your letter should be similar to the following:

..... (Your place), Feb. 27, 189—.

Mr. PAUL FREY,
Owensboro, Ky.

Dear Sir,—

I am in receipt of your favor of the 26th inst. enclosing check for \$1500, which has been placed to your credit. Please accept my thanks for same.

Soliciting your further favors, I am,

Respectfully,

C. W. HAMMOND,

per (Your name)

Inclose your letter in a properly addressed envelope and place it in Vouchers for Others. Make the entry for the check, applying rules 1 and 2, after which place the check in the Cash Drawer.

FEBRUARY 28, 189—.

No. 94.—DRAYAGE BILL PAID. This bill (No. 94) has been found to be correct and it has been O. K.'d by the shipping clerk. Go over the calculations. Pay the bill by check. Write the check and place it in the Vouchers for Others. File the bill on the proper file. Make the entry from the stub in the Check Book. Debit—*Rule 13*; credit—*Rule 4*.

No. 95.—CLERK'S SALARY PAID. Pay Mr. Frank Winter \$60 by check as salary for the month. Place the check in Vouchers for Others. Debit—*Rule 13*; credit—*Rule 4*. Why is Expense debited for clerk's salary?

No. 96.—BOOKKEEPER'S SALARY PAID. Mr. Hammond has increased your salary, and you will pay yourself \$75 for the month instead of \$50, as in the previous month. Write the check and place it in the proper receptacle. Make the entry from the stub of the Check Book.

No. 97.—DEPOSIT. You will now make a deposit of all the cash on hand. Endorse the checks in your Cash Drawer as previously instructed. Count the currency and fill out a deposit ticket, placing the amount on the proper line. Enter the check on the deposit ticket. Re-count your currency and re-add the items on the deposit ticket. Add the deposit

to the amount in bank as shown by the Check Book stub. On the left-hand stub make a detailed record of your deposit ticket. Take your deposit and Pass Book to the bank. After satisfying yourself that you have received proper credit, leave your Pass Book at the bank to be written up.

Seventh Report. Fill out a Report Blank properly and hand same, together with the cash and vouchers for others, to your teacher for examination. Rewrite all vouchers that do not meet with approval. Have your journal and cash book sheets approved, and copy same into your regular Journal and Cash Book.

Proving Cash. Test the correctness of the entries in your Cash Book by comparing its balance with the balance on hand. If found to agree, you will balance and rule the Cash Book as previously instructed and bring the balance below the ruling in black ink.

Posting. Open accounts as follows: Furniture & Fixtures on the 29th line of page 5, and Lerch Bros., 7 East Pratt St., City, on the 29th line of page 17.

Post to your Ledger from the Journal. Post from your Cash Book, observing previous instructions. Having finished the posting you will check (in pencil) over same to locate any error you may have made.

Statements. Make out statements against all parties who are indebted to the business. Do not include either debit or credit items that are checked or ruled off, as they balance and have, therefore, been settled for in full. Be careful, however, lest you have made errors by checking or ruling items that do not balance, or in failing to check or rule those that do balance. Have your statements approved.

Trial Balance. Pencil foot all the accounts in the Ledger that do not balance preparatory to taking a trial balance. Begin the trial balance on a journal sheet with the balance of cash as shown by the debit side of the Cash Book. Continue with all the accounts in the Ledger that do not balance. Have your trial balance approved before proceeding to close your books.

Inventories. Preparatory to making a Balance Sheet and closing the books to ascertain the standing of the business, Mr. Hammond has ordered the shipping clerk to take an account of stock. Mr. Winter has done this and found the stock on hand to consist of the articles named in the February Inventory (No. 97a).

Make the calculations of the inventory on a sheet of paper and have same approved before copying into your regular Journal. File the inventory on the Voucher File.

Make an Inventory of Resources and Liabilities, per previous instructions, and submit same, for approval.

Balance Sheet. 1. Head a blank Balance Sheet as you were instructed for January balance sheet. 2. Copy the Trial Balance on the Balance Sheet, observing previous instructions. 3. Enter the inventories in the Resource column in red ink. 4. Extend the balances of the various accounts to the proper columns, referring to previous instructions. 5. Find the Net Gain. 6. Find Mr. Hammond's Present Capital. 7. Rule and foot all the columns. 8. Critically inspect your Balance Sheet and compare it with the Model as given on page 36, and if its appearance is not good make another copy of same. 9. Present for approval.

Closing Accounts Showing Losses and Gains. 1. Enter the merchandise inventory on the credit side of Mdse. account in red ink. 2. On the proper side enter (in red ink) the Gain. 3. Carry this Gain to the Loss & Gain account, referring to previous instructions. 4. Bring down the Inventory below the ruling to the debit side of Mdse. account.

Close Expense account and carry the Loss to the Loss & Gain account. Do not fail to rule every account that closes into Loss & Gain account.

Close Interest & Discount account and carry the balance to the Loss & Gain account. This account is treated similarly to Expense account.

Furniture & Fixtures account. 1. Enter the inventory on the credit side of Furniture & Fixtures account. 2. Enter the Loss on the proper side in red ink. 3. Carry the Loss to the proper account. 4. Have you ruled Furniture & Fixtures account and brought down the Inventory in black ink? This is a property account and is treated similarly to Merchandise account.

Close the Loss & Gain account as instructed for January, properly ruling it and carrying the Net Gain to Mr. Hammond's account.

Balance Mr. Hammond's account as you did in January and bring down the Present Capital. Check the balances of the accounts just closed with the balances as they appear in the Resource and Liability columns of the Balance Sheet to satisfy yourself that you have made no error in closing. Present all books for inspection.

REVIEW QUESTIONS. In business how often is it customary to make a balance sheet and close accounts showing losses and gains? What reasons are there for not keeping account of Furniture & Fixtures in the Expense account? What is a draft? What other kinds of orders are there? When is a bank draft preferable to a check? Of what advantage is a draft? What is the advantage of having a note discounted at a bank? What disadvantage do you see in discounting a note when you do not need the money? How often is it customary to take a trial balance in business? How would you close an account that does not show a loss or a gain, if you desired to do so? What property accounts do not, as a rule, show a loss or gain? Do personal accounts, as a rule, show losses or gains? When a debtor fails and cannot pay all that he owes you, what would you do with the balance he cannot pay? Would the business gain or lose in that case? What is the object of the Cash Book? In what way does it save labor? What is a shipping receipt? By what other name is a shipping receipt sometimes known?

THE BUSINESS OF C. W. HAMMOND & CO

MARCH 1, 189-.

No. 98.—By this bill of sale Mr. Hammond sells his business to the firm of C. W. Hammond & Co., the members of which are yourself and Mr. Hammond, as he has decided to take you into the business as partner. Read the bill of sale, attach the Inventory of Resources and Liabilities, then file it on the Voucher File. You will make a cash investment equal to Mr. Hammond's investment. (*See February Balance Sheet.*) Get a check for the amount of your investment from your teacher, made payable to your order, which you will endorse over to the firm of C. W. Hammond & Co. as follows: "Pay to the order of C. W. Hammond & Co.," then sign your name underneath. Credit yourself for this check on the sheet representing your Cash Book. Have you written the proper explanation? In the C. W. Hammond check book write a check favor of *C. W. Hammond & Co.* for the amount Mr. Hammond has in bank. Deduct the amount to show that Mr. Hammond individually has nothing in bank. Place both checks in the Cash Drawer.

Your rights and privileges will be the same as Mr. Hammond's, and you are to share the Gains, Losses and Assets equally. Study form No. 1 in the appendix, then write a partnership agreement between yourself and Mr. Hammond on practice paper. Have it inspected by the teacher before copying on the blank provided in your package of supplies. Your teacher will sign for Mr. Hammond and show you how to fold and where to brief your partnership agreement. Brief it by writing where directed "Partnership Agreement between C. W. Hammond and _____ (your name) _____, March 1, 189-." Place it on the Voucher File.

NOTE.—In business two copies of the partnership agreement would be made and signed by both partners, so that each would have a copy.

Hereafter sign all checks and business papers as follows: "C. W. Hammond & Co.," and place your name on the form wherever indicated. Be sure that you never omit writing your name on each and every paper issued by the business. Do not sign your name as Att'y hereafter, which is not necessary, as you are one of the proprietors and your rights are equal to Mr. Hammond's.

Get your Pass Book at the bank and compare the balance with the balance as shown by the Stub of the Check Book. If found correct, write in red ink "O. K. with bank balance, Mar. 1." If there is a discrepancy, follow instructions as given for last month.

No. 99.—You will now deposit the checks on hand. Endorse them as follows: "Pay to the order of the City Bank, C. W. Hammond & Co., per _____ (your name) _____." Fill out a deposit ticket, using the C. W. Hammond & Co. form. Enter the amount of your deposit on the right-hand stub of your C. W. Hammond & Co. Check Book. On the left-hand stub of your Check Book make a detailed record as previously instructed. Take your deposit to the bank and see to it that *C. W. Hammond & Co.* receive credit instead of C. W. Hammond. This is very important.

No. 100.—By this deed the building occupied by the business at 122-124 Main St., and the lots upon which it is located, are transferred to C. W. Hammond & Co. Read the deed carefully and ask questions on any points you do not fully understand. Read it a second time, then write the check for same and place it in the proper receptacle. Make the entry from the stub in the Check Book, applying the General Rules. Debit Real Estate instead of Merchandise, as this is a kind of property entirely different from the commodities you are dealing in as a business, and is not purchased with the intention of selling it for speculative

purposes. Brief and fold the deed properly and place it on the Voucher File. In what book have you made the entry? Have you written the proper explanation?

No. 101.—This bill is for gas consumed during the month of February. You will pay it to-day to take advantage of the discount allowed when payment is made on the first day of the month. Write the check and place it in the proper receptacle. Make the entry as previously instructed. File the bill.

NOTE.—Ordinarily this bill would be paid by the former proprietor who had the use of the gas. In this case you and Mr. Hammond agree that the partnership is to bear the expense. Partners may agree to do anything that is legal.

No. 102.—This bill is for coal Mr. Hammond has purchased to heat the building. It has been O. K.'d and receipted and therefore you will pay it by check. Apply *rules 13 and 4* in making this entry. File the bill.

Sales Book. This is the second of the labor saving books to be introduced. In this book are entered the purchasers' names and addresses, the terms on which the goods are sold, and a detailed record of the goods and prices of same, whenever a bill is rendered for the purchase. When no bill is rendered and the goods are paid for at the time of purchase, it is to be considered a part of the cash sales for the day, and Cash is debited and Merchandise is credited for the total of such sales, at the close of the day's business. In retail business houses the bulk of the sales are made to persons not known to the proprietors, and are paid for at the time of purchase. Such sales are never entered in the Sales Book, as it would involve unnecessary labor and inconvenience. The proper thing to do in cases similar to the above is to debit Cash and credit Merchandise for the total of the sales at the close of the day's business.

In posting from the Sales Book debit each purchaser with the amount of his purchase, and at the end of the month, or when a Trial Balance is taken, credit Mdse. account for the total sales. It will be seen that this book takes the place of the credit side of the Mdse. account in the Ledger.

No. 103.—Using the *C. W. Hammond & Co.* form of bill head, make out the bill for this order, as the goods have been sent. Re-calculate the items of your bill. Make the entry as given below on a journal sheet representing your Sales Book, making the correct extensions instead of the ones given.

March 1, 189-

<i>A. P. Batson 2/10 net 30 das.</i>				
<i>Market St. City.</i>				
<i>100 bbls. Flour</i>	<i>4.00</i>	<i>400</i>		
<i>160 " Apples</i>	<i>2.00</i>	<i>320</i>		
<i>70 bu Wheat</i>	<i>1.00</i>	<i>70</i>		
<i>144 " Glassseed</i>	<i>2.00</i>	<i>288</i>		
				<i>1078</i>

Note every detail closely in the illustration and be sure that your entry is made absolutely correct. Place the terms as you see them in the illustration. The figures "2/10" indicate that a discount of 2% will be allowed if the bill is paid within 10 days. "Net 30 days" signifies that 30 days is the time allowed in which the bill may be paid, and it should be paid at the end of that time. Observe the greatest care in placing the terms both on your bill and in your Sales Book so that no discrepancy will occur. Place the bill in the proper receptacle and file the order. No detailed explanation for entries in the Sales Book will be given hereafter, and you will be expected to refer to the above for any information regarding the details of such entries.

MARCH 2, 189-.

Invoice Book. This is the third of the labor saving books to be introduced, and in it are entered all purchases of merchandise. Expense bills and the like are never entered in this book. Many different forms are in use in the business houses of the present day, and they are known by different names, some firms calling them Purchase Books. The form used herewith is one in common use, and possesses many advantages over most other forms. (*See form on page 67.*) In this book the bills are pasted in consecutive order after they are received and have been O. K.'d. When a bill is ready for credit, paste it into the Invoice Book, taking care not to extend the right-hand end of the bill beyond the first rulings of the money columns. To properly do this it may be found necessary to trim the edges of the bills, as bills from different houses are not uniform in size. In preparing the invoice to be pasted into the book, first apply the mucilage along the lower edge of the bill and then let it dry. Then apply the brush a second time and paste the invoice into the book. By observing these directions a smooth, even surface will be secured. The paper would shrink if pasted in at first. Care should be taken to apply as little mucilage as possible.

No. 104.—Go over the calculations of this bill and make sure that no error exists. Take your Invoice Book and see whether the bill fits in the space intended for it in the book; if not, trim it to the proper size. Apply a very small quantity of mucilage to the back of the bill (on the lower edge) and let it dry. Apply the mucilage a second time, being careful not to use too much. Place the bill in the proper position, even with the upper edge of the first page of the Invoice Book. Extend the total amount of the purchase directly opposite where the firm's name appears. (*See illustration on opposite page.*) Be sure to do this with each and every bill.

MARCH 3, 189-.

No. 105.—Bill the goods called for in this order. Go over your calculations. Enter in the proper book and be sure to place the terms correctly, both in the book and on the bill. Always apply rules 1 and 2 for debiting and crediting when no others are given. Have you filed the order?

No. 106.—Bill and enter this order in the proper book and place the order on file. Place the terms asked for in the order on the bill.

No. 107.—This draft is in settlement of the amount the drawer owes the business. Turn to your Ledger and ascertain if the amount is correct. When is the amount to be paid to the business? Is it an order to pay or a promise to pay? Read *rules 17 and 16* and make the entry. In what book is it made? The word "Accepted," etc., with the party's signature is equal to his signing his name to a promissory note, as thereby he promises to pay you a sum of money on a certain date as absolutely as if he had given you his note.

67

No. 108.—This cash is the amount of the retail sales for the week. Enter in the proper book and place the cash in the Cash Drawer.

A.P. Batson in full less 27 44 85 2197 41

MARCH 6, 189-.

Post from the Invoice Book, crediting each party from whom you have purchased. Do not forget to postmark on each bill directly opposite the extension. (*See illustration, page 67.*) Place the letter "I" in the explanation column of all accounts that have received postings from the Invoice Book. Next post from the Journal, following previous instructions.

Post from your Cash Book as previously instructed. When you come to A. P. Batson's account, credit him with cash received, \$2197.41, using the letter "C" as explanation. On the next line below credit him for discount, \$44.85, using the term "Dis't" as explanation. This is the best method of handling merchandise discounts, as every account shows how much discount was allowed to it or received from it by the business.

NOTE.—If we were to treat this entry as it is often treated by some business houses and authors on book-keeping; i. e., credit Mr. Batson for \$2242.26, the amount he owes the business, and debit Mdse. Discount for \$44.85, we would make a record that would not be strictly true. Were we to post the \$2242.26 to Mr. Batson's account, it would appear that he had paid us that amount and that no discount was allowed.

Check over your posting.

MARCH 7, 189—.

No. 112.—Verify the calculations of this bill and O. K. same, if found correct. Paste it into the Invoice Book, as previously instructed. Cover the second bill as far as the double ruling which divides the heading from the body of the bill. (*See illustration, page 67.*) Extend the amount directly opposite the party's name on the bill.

No. 113.—Bill and enter this order, being careful to place the terms asked for on the bill. Make the entry, file the order and place the bill in the proper receptacle.

No. 114.—Turn to T. A. Cooke's account in the Ledger and ascertain the amount he owes the business. He has consented to honor our drafts so long as he owes the business. Draw on him at sight for the amount he owes the business, making it payable to J. J. Disosway & Co. Debit the party who receives the value and credit the party who supplies the value. Place the draft in Vouchers for Others.

MARCH 9, 189—.

No. 115.—Bill and enter this order, placing the terms asked for on the bill. Have you filed the order and placed the bill in the proper receptacle?

No. 116.—This written promise to pay the business a certain sum of money is to apply on account. Why is it payable to the business? Debit—*Rule 17*; credit—*Rule 16*. Be sure to credit the party who ordered this draft payable to the business, as he is the one who owes the business. Have you written the proper explanation? Consult your teacher whenever in doubt as to what the proper explanation should be, as that is a very important part of the entry. Place the draft in the Cash Drawer.

MARCH 10, 189—.

No. 117.—O. K. this bill if the extensions are correct and paste it into the Invoice Book. Follow previous instructions in detail. Have you extended the amount directly opposite the firm's name?

MARCH 11, 189—.

No. 118.—Bill and enter this order, being careful that the terms and calculations are correct. Make out a set of shipping receipts and take them to the freight agent or teacher and have him receipt same. Enclose the original with the bill in a properly addressed envelope. File the order.

No. 119.—Accept this draft in red ink. Write "Accepted payable at City Bank, March 11, 189—, C. W. Hammond & Co., per (your name)" Make this entry, applying the instructions given in paragraph "e" under drafts, page 52. Place the acceptance in Vouchers for Others. Have you written the proper explanation for this entry?

MARCH 12, 189-.

No. 120.—Cash sales for the week. Count the cash and make the entry.

No. 121.—Make a deposit of all checks and currency on hand. Be sure that you have endorsed all the checks properly.

No. 122.—Pay C. R. Danenhower & Son's bill by check less the discount allowed for prompt payment. Turn to their bill in the Invoice Book and ascertain what the terms and rate of discount are. Calculate the discount and deduct it from the amount of the bill. Write a check for the net amount, being sure to explain on the stub that a discount was allowed. Make an entry similar to the entry made when the business received a check less discount, from A. P. Batson. Why is this entry made on the credit side of the Cash Book?

MARCH 13, 189-.

No. 123.—Bill and enter this order, placing the terms asked for on the bill. Place all vouchers in the proper receptacles.

No. 124.—Accept this draft, following instructions for No. 119. Have you made the proper explanation for this entry? Place the acceptance in Vouchers for Others.

Ninth Report. Make a report and hand all vouchers and cash for others to the teacher. Have your work on the journal sheets examined and copy same into your regular books. Prove cash to ascertain if the balance as shown by the Cash Book agrees with the actual balance on hand.

Posting. Open the following accounts: C. W. Jefferson, 551 Fourth Ave., City, on the 14th line of page 18, and White Star Mills, City, on the 29th line of the same page.

(1) Post from the Sales Book.

(2) Post from the Invoice Book.

(3) Post from the Journal.

(4) Post from the Cash Book. When you post the entry on the credit side apply the instructions given for Mr. Batson's account in your previous posting, being careful that you post to the debit of C. R. Danenhower & Son's account instead of the credit. Have you placed the initials of the books from which you posted in the explanation column of the ledger accounts?

Check over your posting.

MARCH 14, 189-.

No. 125.—Verify the extensions of this bill, O. K. it if found correct, and enter in the Invoice Book. Have you extended the amount directly opposite the firm's name?

No. 126.—Bill and enter this order. Make out a set of shipping receipts and have the freight agent receipt for the goods. Enclose the original with the bill in a properly addressed envelope. File the order.

MARCH 15, 189-.

No. 127.—Pay Lerch Bros. by check the amount the business owes them and make the entry.

MARCH 16, 189-.

No. 128.—Ascertain from the Ledger the amount Frey & Thomas owe the business. They have consented to honor our draft for that amount. Draw a draft at ten days' sight, making it payable to Ballard & Ballard Co., whom the business owes. Debit the party who receives the value and credit the party who supplies the value. Place the draft in the proper receptacle.

MARCH 17, 189-.

No. 129.—Note favor of J. J. Disosway & Co. for \$1250 made payable at your bank is due to-day. As it is made payable at City Bank it is paid out of the firm's deposit and charged to the firm the same as when the bank pays the firm's checks. At the end of the month when your pass book is written up it will be returned to you with the checks. To keep your check book balance even with your bank balance it will be necessary for you to deduct the amount, and write an explanation. On the left-hand stub write "March 17, 189-. Bank paid note favor J. J. Disosway & Co., \$1250.00." On the right-hand stub deduct the amount from the last balance. Make the entry on the credit side of the Cash Book, applying *rules 19 and 4*. Why?

NOTE.—In many places the banks require their depositors to pay notes made payable at the bank by check. When this is done the notes are cancelled and delivered to the depositor at the time they are paid instead of holding them until the pass book is written up. In that case the stub of the check takes the place of the detailed record explained above. Follow the instructions as given above unless otherwise directed by the teacher.

MARCH 18, 189-.

No. 130.—Verify the calculations and O. K. this bill. Paste into the Invoice Book, following previous instructions. Do not forget to extend the amount directly opposite the firm's name every time you paste a bill into the Invoice Book.

No. 131.—Pay Renaker & Heinrich by check the amount the business owes them and make the entry.

MARCH 19, 189-.

No. 132.—Amount received for cash sales during the past week. Do not forget to make the entry.

MARCH 20, 189-.

No. 133.—This check is to apply on account. Make the entry and place the check in the Cash Drawer.

No. 134.—This check is in full settlement of account.

No. 135.—Deposit all checks and currency on hand. Do not fail to endorse the checks properly.

MARCH 21, 189-.

No. 136.—Turn to Coyle, McCandlish & Co.'s bill in the Invoice Book and ascertain the terms and rates of discount allowed when prompt payment is made. Calculate the discount and deduct from the amount of the bill. Write a check for the net amount, being certain that you make a proper record of the discount on the stub, so that you will be able to make a proper record therefrom in the Cash Book. This entry is similar to entry for No. 122.

MARCH 22, 189-.

No. 137.—Go over the calculations of this bill and O. K. same if found correct. Note the terms of the bill; also the discount allowed. Although the terms are cash, do not pay it until instructed. In business the term "Cash" is frequently construed as meaning any time within ten days. This lapse of time enables the purchaser to receive the goods before paying for them. Enter as previously instructed, extending the amount of the bill directly opposite the party's name.

MARCH 23, 189-.

No. 138.—Pay C. Wilt & Son by check the amount the business owes them and make the entry. Write them a letter similar to the following:

..... (Your place), Mar. 23, 189-.

C. WILT & SON,
Philadelphia, Pa.

Gentlemen,—

Enclosed find our check for \$555.35, in full settlement of account. Please acknowledge same.

Yours truly,

C. W. HAMMOND & Co.,
per (your name)

Enclose the check and letter in a properly addressed envelope and place it in Vouchers for Others.

No. 139.—Pay Edward P. Genung's bill of yesterday by check and make the proper entry.

MARCH 24, 189-.

No. 140.—Hammond & Co. desire to buy stock in a corporation, and not having the required amount of cash on hand (in bank), they wish to have the firm's note discounted at the bank. Write a note for \$1000.00 at 30 days, making it payable to the City Bank. Calculate the discount at 6% for 30 days. Take it to the bank and state what the discount amounts to and see that you receive proper credit for the proceeds. On the left-hand stub of the Check Book make a record of the transaction. For details see No. 74. Add the proceeds to the amount in bank. Make the entry in the Cash Book, debiting according to *rule 3* and crediting according to *rule 20* for the face of the note. On the credit side of the Cash Book make the usual entry for the discount. Have you written the proper explanation for these entries?

No. 141.—Read this certificate of stock carefully. It has been purchased at par (face value). Write a check for same, making it payable to the Worcester Coal Co. This is a kind of property different from the commodities you are dealing in as a business, and it would not be proper to charge it to Merchandise. Apply the General Rules for debiting and crediting and debit Worcester Coal Co. Stock. File the certificate on the Voucher File.

MARCH 25, 189-.

No. 142.—The goods called for in this order have been sent. Bill, enter and file all the papers properly.

No. 143.—In payment of No. 142 less discount. See the rate of discount in the Sales Book and go over the calculations to see that no errors were made. Enter similar to No. 109.

No. 144.—Deposit all checks and currency on hand. Endorse the checks properly.

No. 145.—To get the benefit of the discount, you will prepay the draft favor of Thos. W. Dryden accepted on the 13th inst. Ascertain the number of days it has to run until due, and find the discount for that number of days. Write a check for the proceeds, making it payable to the holders of the draft. Take the check to your teacher and you will receive the draft properly endorsed. Do not fail to debit the draft for the full amount (face value), and credit Discount on the opposite side of the Cash Book. File the draft on the Voucher File.

Tenth Report. Make a report and hand in the cash and vouchers for others. Have your work on the journal sheets approved and copy same neatly into your regular books. Prove your cash to ascertain whether the balance as shown by the Cash Book agrees with the balance on hand.

Posting. Open accounts as follows: Worcester Coal Co. Stock on the 14th line of page 6; Dennis & Herring, West Washington Market, City, on the 14th line of page 11; Coyle, McCandlish & Co., 615 Market St., City, on page 19, and Edward P. Genung, 283 Washington St., City, on the 14th line of the same page. Post all books in the order previously indicated. Always refer to previous instructions when in doubt how to proceed. Check over your posting in pencil.

MARCH 26, 189—.

No. 146.—Go over the calculations of the bill and if found correct O. K. it and enter in the proper book.

No. 147.—For cash sales of retail department. Make the entry in the proper book.

No. 148.—Take draft favor of Harry Powell and accepted by E. K. Shoop from your Cash Drawer, and have same discounted at bank. Ascertain the number of days it has to run. Calculate the discount. Endorse the draft. See that you receive proper credit in your Pass Book. Make the usual record on the left-hand stub of the Check Book and add the proceeds to the balance in bank. Credit the draft for the full amount and be sure to debit Interest & Discount on the opposite side of the Cash Book. Refer to *rules 3, 18, 4 and 21* if you experience any difficulty with this entry.

No. 149.—The firm's acceptance favor J. J. Disosway & Co., made payable at City Bank is due to-day. The bank has paid same out of the firm's deposit, and will return it to you, with the checks paid, at the time your Pass Book is written up. To keep your Check Book balance and bank balance alike you will deduct the amount from the last balance on the Check Book stub. Make the usual record on the left-hand stub. (*See No. 129.*)

MARCH 27, 189—.

No. 150.—Bill and enter goods called for in this order as per terms written on the order by Mr. Hammond. Always verify your calculations and file all papers before taking up the next transaction.

No. 151.—Draw a draft at sight on A. J. Gouley, Louisville, for the amount he owed the business on the first day of the month. Make the draft payable to "Ourselves" and endorse it as you endorse a check for deposit, and leave it at the bank for collection. No record will be necessary except the record on the draft book stub, although it is the custom of some banks to give credit "in short" for all paper left for collection.

MARCH 28, 189—.

No. 152.—Make out the bill for this order, taking off the discount asked. This bill will be made out similar to bill No. 137 in the Invoice Book. Make the record in the Sales Book similar to the bill. File the order and place the bill where it belongs.

No. 153.—In payment of No. 152. Make the entry.

No. 154.—Bill and enter on the same terms as their previous order. Verify the calculations and file all papers.

No. 155.—In payment of Nos. 150 and 154, less the discount allowed for prompt payment. Calculate the discount to see that you are receiving the proper amount due you when the discount is deducted. Make the entry similar to No. 143. Are you filing all the papers received and issued? This is very important.

MARCH 30, 189—.

No. 156.—Discount at the bank A. P. Batson's draft, accepted by Martin Schwartz. Calculate the discount for the unexpired time and endorse the draft. Take it to the bank and receive proper credit. Make the usual detailed record on the left-hand stub of the Check Book and add the proceeds to the amount in bank. (*See No. 148.*) Make the entry from the stub of the Check Book, crediting the note for the full amount and debiting Interest & Discount for the discount allowed.

No. 157.—Prepay the note favor Ballard & Ballard Co. to take advantage of the discount allowed when payment is made before the note is due. After calculating the discount for the unexpired time, write a check for the proceeds, making it payable to the holders of the note. Take the check to your teacher and receive the note properly endorsed. Make the entry in the proper book from the Check Book stub.

No. 158.—Verify the calculations of this bill and enter in the proper book.

No. 159.—Bill the goods called for in this order, deducting the discount asked for. This entry is similar to entry for No. 152.

No. 160.—In payment of No. 159.

MARCH 31, 189—.

No. 161.—Pay Frank Winter \$75 by check as salary for the month instead of \$60, as his salary has been increased. Make the proper record.

No. 162.—Write a check favor C. W. Hammond for \$100, which he wants for private use. Do not forget to make the entry as per *rules 6 and 4*.

No. 163.—Pay yourself \$100 by check for private use and make the entry, applying *rules 6 and 4*.

No. 164.—If this bill is correct, pay it by check and make the usual entry.

No. 165.—Deposit the cash on hand, endorsing the checks properly.

No. 166.—Prepay the note favor of City Bank to take advantage of the discount allowed when payment is made before maturity. Calculate the discount for the unexpired time and write a check for the proceeds, making it payable to "Note of March 24." Take it to the bank and receive the note with the proper endorsement. Make the entry, debiting the note for the full amount (face value) and crediting Cash. Credit Interest & Discount for the amount gained and debit Cash.

Eleventh Report. Make a report and hand the vouchers for others and cash to the teacher. Have your journal sheets representing your books inspected, and when approved copy same into your regular books. See if the cash book balance agrees with the balance on hand (in bank). If found to agree, balance and rule the Cash Book in red ink and bring down the balance in black ink.

Posting. Open the following accounts: Merchandise Discounts on the 29th line of page 6; Bosquet, Silberg & Co., 825 W. Main St., City, on the 29th line of page 11; I. A. Gilchrist, City, on page 12; Curry, Tunis & Norwood, 44 W. Main St., City, on the 29th line of page 19, and Fred Bowley, City, on page 20. Post from the books in the usual order and always refer to previous instructions when in doubt as to the proper method. Post the total of the Invoice Book to the debit of the Mdse. account, writing the word "Purchases" in the explanation column, and the total of the Sales Book to the credit side of the Mdse. account, writing the word "Sales" in the explanation column. Post the total of the Discount column on the debit side of the Cash Book to the debit of Mdse. Discounts, and the total of the credit column to the credit of the Mdse. Discounts. Check over the posting, that you may locate any errors you have made.

Statements. Make out statements against all customers owing the firm. Be sure to omit the debit and credit items found to balance. Do not depend entirely upon your ruling or checking when ascertaining the items that balance. Have your statements approved and dispose of them as previously instructed.

Trial Balance. Pencil foot all accounts that do not balance and take a trial balance. Be sure not to omit the cash balance if you expect to have your trial balance prove.

Inventory and Balance Sheet. Make an Inventory of Resources & Liabilities and a Balance Sheet, to ascertain the standing of the business. For account of property on hand, see Inventory (No. 166a) taken by Mr. Winter and approved by Mr. Hammond.

Find the amount of the merchandise inventory and have same approved before proceeding with the Inventory of Resources and Liabilities. After the Inventory of Resources and Liabilities has been approved, continue with the Balance Sheet as previously instructed until you reach the summary. Arrange the summary of your Balance Sheet as shown in the form given below.

Hammond's Net Gain, Student's " "	44200	16	44200	16	160	00	880	00	12200	00	4380	00
					110	00						
					110	00						
					880	00	880	00				
Hammond's Net Credit, " Net Gain, " Present Capital,			3600	00							8710	
			110	00								
Student's Net Credit, Net Gain, Present Capital,			4000	00							4110	00
			110	00								
									12200	00	12200	00

Have your Balance Sheet approved when completed, after which make a neat transcript of same into your regular Trial Balance Book and proceed to close the accounts in the Ledger showing Losses and Gains. Apply the instructions for closing the first set whenever in doubt how to proceed. Check the balances of the accounts just closed with the balances as exhibited by the Resource & Liability columns of the Balance Sheet to satisfy yourself that you have made no error.

Present all books for inspection.

THE BUSINESS OF C. W. HAMMOND & Co., CONTINUED.

APRIL 1, 189.

No. 167.—Mr. Frank Winter has decided to purchase an interest in the business, and invests the amount he has on deposit in the Bank of Marion, as shown by this certificate of deposit, which he has endorsed over to the firm. Read it carefully and examine the endorsement. Make the entry, applying *rules 1, 2 and 8*. Place the certificate of deposit in the Cash Drawer.

Study form 2 in the appendix, then draw up a partnership agreement embodying the following points: (1) The partnership is to continue for five years, unless sooner dissolved by consent of all the partners. (2) The net gain or loss is to be divided equally. (3) Owing to the unequal investments of the partners, interest is to be allowed each partner on his investment, and interest is to be charged on his withdrawals. (4) Each partner is entitled to draw \$150 per month. Make a draft of your partnership agreement and submit it for inspection before copying on the form in your package of supplies. When it is copied on the form it should be signed by Mr. Hammond, yourself and Mr. Winter. (Your teacher will sign for Mr. Hammond and Mr. Winter.) Brief and file on the Voucher File.

NOTE.—In business three copies of the partnership agreement would be made and signed by each of the partners, so that each partner would have a copy.

Using form No. 98 as a model, write a bill of sale on practice paper, transferring the personal property of the firm to the members of the new firm. Have it approved before copying on the form furnished in your supplies. It should then be executed by Mr. Hammond and yourself in the presence of a witness. (Your teacher will sign for Mr. Hammond.) Brief and file on the Voucher File.

Using form No. 100 as a model, write a warranty deed on practice paper, making the members of the new firm the grantees. After the deed has been approved, copy it on the regular blank. It should then be executed and acknowledged by Mr. Hammond and yourself. (Your teacher will sign for Mr. Hammond and for the commissioner of deeds.) Brief and file on the Voucher File.

No. 168.—Verify the calculations of this bill and paste it into the Invoice Book at the top of page 4.

No. 169.—Pay this bill by check. You are expected to file all papers hereafter and make the entry at the proper time, as all instructions regarding same will be omitted except in special cases. See note under No. 101, page 65.

No. 170.—Deposit the certificate of deposit after properly endorsing it.

APRIL 2, 189—.

No. 171.—Bill the goods called for in this order on the terms asked.

Selling Goods on Commission. Many merchants do not purchase the goods they deal in as a business, but act as the agent for the owner of the goods. They receive as compensation for their services a certain percentage on the gross sales, called a commission. Hence they are known as Commission Merchants. They often receive goods to be sold from parties in other cities, where there is no ready market for same, as it is expected a readier and better market can be secured in their localities.

No. 172.—It has been arranged by Mr. Hammond to have the firm sell goods on commission for other parties. The goods called for by this invoice of shipment have been received to be sold for the account and risk of the consignors, Emmons, Hawkins & Co. Read the invoice of shipment carefully and compare it with an ordinary bill. Note that no prices are given. The reason for this is that the business is not purchasing the goods, but is receiving them to be sold for the consignors, and all that the business will receive will be a certain per cent. of the gross sales, called a commission. You make no entry because the goods belong to the consignors and not to C. W. Hammond & Co. When the goods are sold, the amount received for them less the firm's commission and other charges will be remitted to the consignors. File the shipping invoice on the Voucher File.

No. 173.—Turn to your Ledger to ascertain if the amount called for by this statement agrees with your records. If found to agree, pay same by check. Write a letter asking the parties to receipt the statement. Enclose it together with the check and statement in a properly addressed envelope.

No. 174.—Turn to your Ledger and verify the correctness of this statement. If found correct proceed as with No. 173.

APRIL 3, 189—.

No. 175.—Cash sales for the week.

No. 176.—Read this letter carefully. Not finding a ready sale for the Beans and Peas on hand, Mr. Hammond has ordered the quantity desired of each to be shipped. Make out the shipping invoice similar to the one received from Emmons, Hawkins & Co. Enter the shipment in the Sales Book, making the extensions at the current cost prices as given in the March Inventory. Prefix the word "Shipt." to the party's name to distinguish it from the sales. Make out a set (3) of shipping receipts and prepay the freight, which amounts to \$13.12 by check. Take the check and Shipping Receipt Book to the Freight Agent. In the Cash Book charge Shipt. Philip Lindeman with the freight. Enclose the original shipping receipt with the shipping invoice in a properly addressed envelope.

NOTE.—When Philip Lindeman receives this consignment he makes no entry, as the goods belong to C. W. Hammond & Co. When he sells the goods he credits C. W. Hammond & Co.'s Consignment for the sales and debits it for his commission and the net proceeds. See No. 172 for similar transaction.

No. 177.—The draft drawn on A. J. Gouley, Louisville, Ky., on the 27th ult. has been collected. Go to the bank and have the amount placed to your credit in your Pass Book. On the left-hand stub of the Check Book write "Collection, A. J. Gouley, Louisville," and the amount. Add the amount to the balance in bank and credit A. J. Gouley for the same in the Cash Book.

APRIL 4, 189—.

No. 178.—Read this order carefully and examine the bank draft. Have the goods been sent? If so, bill and enter the order, allowing the discount asked and make the entry for the bank draft. Note the endorsement on the back of the bank draft. Make out a set of shipping receipts and have the freight agent receipt for the goods. Enclose the original with the bill in a properly addressed envelope.

No. 179.—Verify the calculations and enter in the proper book.

No. 180.—Pay Curry, Tunis & Norwood by check the amount of their bill, less the discount allowed for prompt payment. Be sure to make the proper record of the discount in the Cash Book.

APRIL 5, 189-.

Note Ledger or Bill Book. The fourth of the labor saving books to be introduced is the Note Ledger, or the Bills Receivable and Bills Payable Book, as it is commonly called. In this book are entered all the notes received and issued by the business. When the same are paid or redeemed in any manner, the record is made in this book from the Cash Book or other posting book, and no account, either of the notes received or given, will be kept in the regular Ledger hereafter. The notes received are posted to the credit of the proper personal accounts in the regular Ledger, and those issued to the debit of the proper personal accounts. For form of Note Ledger see the blank furnished you in your supplies and the illustration given on opposite page. Study same carefully.

No. 181.—Write a 30-day note favor of Fred Bowley for the amount the business owes him, dating it March 30, and making it payable at the City Bank. Make the entry on the Bills Payable side of the Note Ledger, filling all the blanks from the note, except the one headed "Drawer and Endorser." (*See opposite page.*)

No. 182.—For annual dividend on 25 shares of Worcester Coal Co. Stock. Credit Worcester Coal Co. Stock. Why?

No. 183.—In response to an inquiry made by Mr. Hammond, the Quaker City Milling Co. has quoted the following price on flour: 4.00 per brl. less 10% when cash accompanies order. Write a letter ordering 200 brls., telling them you enclose bank draft in payment less the discount allowed. Write a check for the net cost of the flour, take it to the bank and receive bank draft for same. After endorsing the draft properly if made payable to your order, enclose it with your letter in a properly addressed envelope. Make the entry, charging the parties who have received the value. Why would it not be as well to send your check in place of the bank draft?

Twelfth Report. Make a report and hand it to the teacher with the cash and vouchers for others. Copy your bookkeeping work into your regular books after it has been approved. Post the cash as previously instructed.

Posting. Open accounts as follows: Frank Winter on the 34th line of page 1; Shipt. Philip Lindeman, New York City, on page 7; Jno. G. Leake, Marion, Ky., on the 14th line of page 12; E. Levering & Co., 102 Commerce St., City, on the 14th line of page 20; Bremer & Mahis Co., 1405 Main St., City, on the 29th line of page 20, and Quaker City Milling Co., Philadelphia, on page 21. Post your books in the order previously indicated. In posting from the Note Ledger, debit Fred Bowley for the amount of the note, writing the word "Note" for explanation. Be sure to place the Ledger page in the proper column in the Note Ledger. Check your posting.

APRIL 6, 189-.

No. 184.—Bill and enter this order. Do you always verify your results?

No. 185.—Pay C. W. Jefferson by check the amount due him less the discount allowed for prompt payment.

No. 186.—In full of account to April 1st.

No. 187.—To apply on account. Enter in the Bills Receivable Book, filling in the blanks from the note itself, excepting the one headed "Drawer and Endorser."

APRIL 7, 189-.

No. 188.—Verify the extensions and enter in the proper book.

Bills

No.	WHEN GIVEN.	DRAWER AND ENDORSER.	DRAWER OR MARKER.	IN WHOSE FAVOR.	FOR WHAT GIVEN.	WHERE PAYABLE.
181	188- Apr.	5	C. W. Hammond & Co.	Fred Bowley.	in full of %.	City Bank.

(Right-Hand Page.)

PAYABLE																
DATE.			TIME.	WHEN DUE.												
Year.	Month.	Day.		Year.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
189-	Mar.	80	80 da.	199-				29								
			L. F.	AMOUNT.												
				1188 08												
WHEN AND HOW DISPOSED OF.																
			Amount.		Date.		Explanation.									

APRIL 8, 189-.

No. 189.—The goods asked for in this letter have been consigned by Mr. Winter to be sold on our account and risk. Make out the invoice of shipment and enter in the Sales Book at current cost prices as shown by the March Inventory, prefixing the title "Shipt." Make out the shipping receipts and have the freight agent receipt for same. Do not prepay the freight; it will be paid at the other end of the line and charged to our consignment.

No. 190.—The goods called for in this invoice of shipment have been received and are to be sold on account and risk of the shipper. Pay the freight as per the freight bill. Sign and detach the receipt and place in Vouchers for Others. Examine and file freight bill. Charge Const. Geo. Brown for the freight.

APRIL 9, 189-.

No. 191.—Bill and enter this order, deducting the discount asked. Record the check in the proper book. Make out a set of shipping receipts and have the agent receipt for the goods. Enclose the original with the bill to the party who gave the order.

No. 192.—To apply on account. Enter similar to No. 187.

APRIL 10, 189-.

No. 193.—Cash sales for the week.

No. 194.—Verify and enter. Why is this bill receipted? Pay the freight.

APRIL 11, 189-.

No. 195.—Bill and enter.

No. 196.—Write a 30-day note payable at City Bank to balance White Star Mills' account, and make the entry similar to entry for No. 181.

APRIL 12, 189-.

No. 197.—In full of account.

No. 198.—Pay Edward P. Genung's bill of the 7th inst. by check, less the discount allowed for prompt payment.

No. 199.—Deposit all cash items on hand.

APRIL 13, 189-.

No. 200.—Verify and enter as usual.

No. 201.—Pay H. Knefely & Son's bill of March 14 by check.

Thirteenth Report. Make a report and have your journal sheets approved. Copy same into your regular books. Prove the cash.

Posting. Open the following accounts: Shipt. R. A. Golden, Louisville, Ky., on the 14th line of page 7; Wm. J. Cooke, Asheville, N. C., on the 29th line of page 12; Const. Geo. Brown, New Orleans, La., on the 14th line of page 21, and Mast, Crowell & Kirkpatrick, City, on the 29th line of the same page. Post as previously instructed. Check your posting.

APRIL 14, 189-.

No. 202.—Bill and enter this order in the Journal, at the price named, debiting the party who receives value and crediting Emmons, Hawkins & Co.'s Const. This entry is made in the Journal in order that you may give proper credit to the Consignors, instead of crediting the Merchandise account, as would be the case were you to make the entry in the Sales Book.

NOTE.—In business, when the commission sales are numerous, a Commission Sales Book is kept for all sales on commission. In the absence of the Commission Sales Book a special column is used in the regular Sales Book to receive the sales on commission.

No. 203.—In full payment of amount due. Read the note carefully. What difference do you observe between this and other notes that you have received? This note is interest bearing, and consequently we gain the interest that will accrue by extending the time, while the maker loses thereby the amount of the interest.

No. 204.—Write a note favor Mast, Crowell & Kirkpatrick in full of account, at one month from date of their bill, and make the proper record.

APRIL 16, 189—.

No. 205.—Bill and enter.

No. 206.—Verify the extensions and enter.

No. 207.—Invoice of shipment for merchandise received to be sold for the account and risk of the consignor. Make no entry. Why not? The merchandise belonging to this consignment will be designated as Const. No. 2 to distinguish it from a previous consignment received from the same parties.

No. 208.—Pay Henry Rohner's bill by check, less the discount allowed for prompt payment. Do not fail to make the proper record of the discount.

APRIL 17, 189—.

No. 209.—Cash sales for the week.

No. 210.—Account Sales and check for the net proceeds of shipment made on the 3d inst. Credit the shipment for the amount of the check, and, after examining the account sales, carefully file it on the Voucher File.

No. 211.—In payment of bill less discount. Verify the discount calculation.

APRIL 18, 189—.

No. 212.—Bill and enter. Make out shipping receipts, and proceed as previously instructed.

No. 213.—As you have received payment from Weber & Co. for the merchandise sold them belonging to Emmons, Hawkins & Co.'s Const. No. 1, you will render them an account sales and remit them the net proceeds after your charges for commission, etc., and the discount allowed Weber & Co. for prompt payment have been deducted. Calculate the commission, etc., at 5% on the total sales. Debit Emmons, Hawkins & Co.'s Const. for the total of commission and merchandise discount, and credit these accounts for their respective amounts, in the journal. With the exception of the amounts, make the entry as follows:

		18			
	Emmons, Hawkins & Co.'s Const. No. 1,		24		
	Commission,	5% on sales,			15
	Mdse. Discta.,	allowed Weber & Co.,			9

Give the reasons mentally for the above debit and credits. Write a check for the net proceeds and place it, with the account sales, in an envelope properly addressed. Charge the consignment from the stub of the Check Book for the remittance. When the entries just made are posted the account should balance.

APRIL 19, 189-.

No. 214.—Verify the extensions and enter.

No. 215.—To apply on account. Enter similar to No. 203.

APRIL 20, 189-.

No. 216.—Account sales and check for the proceeds. Verify the calculations and enter as previously instructed, crediting Shipt. R. A. Golden.

No. 217.—To balance account less discount for prompt payment. Verify the discount.

APRIL 21, 189-.

No. 218.—Bill and enter this order on the terms asked. As the goods sold do not belong to us, do not credit Merchandise, but credit the consignment to which they belong and debit the party who gave the order. In what book is this entry to be made? Why?

No. 219.—Write a 60-day note favor Curry, Tunis & Norwood for \$1000 to apply on account, and make the entry in the proper book.

Fourteenth Report. Make a report and hand in all vouchers. Have your work approved and copy into your regular books. Prove the cash.

Posting. Open accounts as follows: Commission on the 29th line of page 7; H. Weber & Co., City, on page 13; Chas. Y. Kay, 349 Main St., City, on the 14th line of page 13; Const. Emmons, Hawkins & Co. No. 1, Omaha, Neb., on page 22, and Henry Rohner, N. E. Cor. 5th & Race Sts., City, on the 14th line of page 22. Post and check as previously instructed.

APRIL 22, 189-.

No. 220.—Verify the calculations and enter.

No. 221.—In full, less the discount allowed for prompt payment. Verify the discount.

No. 222.—Render an account sales to Geo. Brown and send him the net proceeds by check. Commission to be 5% of gross sales. Deduct the merchandise discount allowed Chas. Y. Kay. In the Journal debit the Const. for commission and merchandise discounts and credit Commission and Mdse. Discounts for their respective amounts.

Write the check for the net proceeds and make the proper record of same in the Cash Book. Place the check with the account sales in a properly addressed envelope.

APRIL 24, 189-.

No. 223.—Bill and enter.

No. 224.—Cash sales for the week.

No. 225.—The goods asked for have been sent. Make out the invoice of shipment but make no extensions. Enter in the Sales Book at current cost prices as shown by the March Inventory, prefixing the title "Shipt." Make out the shipping receipts and prepay the freight, which amounts to \$18.64, by check. Have the freight agent receipt for same. Place the original with the invoice of shipment in a properly addressed envelope.

No. 226.—Deposit all cash on hand.

APRIL 25, 189-.

No. 227.—Verify the calculations and enter.

No. 228.—Write a 30-day note favor J. J. Disosway & Co. for \$1000, payable at City Bank to apply on account, and make the usual entry.

APRIL 26, 189-.

No. 229.—To apply on account. Make the usual entry.

No. 230.—In payment of note due to-day. Endorse the note properly and place in Vouchers for Others.

APRIL 27, 189-.

No. 231.—Make out one bill for this order. Charge him with the firm's merchandise in the Sales Book. For the merchandise belonging to the consignment, debit him in the Journal and credit the consignment (No. 2). Make out the shipping receipts and have the freight agent receipt for same. Enclose the original with the bill in a properly addressed envelope.

No. 232.—Verify and enter. This method of billing is in use in many business houses.

APRIL 28, 189-.

No. 233.—Make out an invoice of shipment for the goods asked for in this letter, as they have been sent, but do not make any extensions on same. Enter in the Sales Book, prefixing the title "Shipt.," and make the proper extensions at the current cost as shown by the March Inventory. Prepay the freight amounting to \$17.04 by check. Make out the shipping receipts and have the freight agent receipt for same. Enclose the invoice of shipment and the original shipping receipt in a properly addressed envelope.

APRIL 29, 189-.

No. 234.—Render an account sales to Emmons, Hawkins & Co. for Const. No. 2, but do not send them the proceeds, as you have not received pay from A. J. Gouley, to whom you sold the goods. In the Journal charge (debit) the consignment with the commission and net proceeds, and credit Commission for the commission, and Emmons, Hawkins & Co., Principals, for the net proceeds. The word Principal is affixed to their firm name to indicate that the firm of C. W. Hammond & Co. is bound to them *in trust*, instead of owing them a simple debt. Write a letter explaining that the proceeds have been placed to their credit and that you will forward same as soon as the goods are paid for by the party to whom you sold them. Enclose the letter with the account sales in a properly addressed envelope.

No. 235.—Note due to-day is paid by the City Bank out of the firm's deposit. Make the proper records on the stub of the Check Book and in the Cash Book. If in doubt, refer to a previous entry similar to this one.

APRIL 30, 189-.

No. 236.—Bill and enter.

No. 237.—Pay by check.

No. 238.—Pay yourself, Mr. Hammond and Mr. Winter each \$150 by check for private use.

No. 239.—Calculate the interest on your investment for 30 days—the time it was invested; also on Mr. Hammond's and Mr. Winter's. Add the three interests and divide the amount by three to find the average. Observe that Mr. Winter's interest is as much below the average as yours and Mr. Hammond's combined are above. It will be readily seen that Mr. Winter is indebted to you and Mr. Hammond for the amount that his interest is less than the average. Therefore you will debit him in the Journal for that amount and credit yourself and Mr. Hammond for the amounts above the average. Be sure to write an appropriate explanation of this entry.

No. 240.—Deposit all cash on hand. Leave your Pass Book at bank to be written up.

Fifteenth Report. Make a report and hand all cash and vouchers for others to the teacher. Have your bookkeeping work examined and approved, after which copy into your regular books. Prove the cash, then balance and rule the Cash Book.

Posting. Open the following accounts: Shipt. E. Spencer, St. Louis, Mo., on page 8; Shipt. Bower & Moore, Chicago, Ill., on the 14th line of page 8; Miller, Lippincott & Co., 134 S. Front St., City, on the 29th line of page 22; Emmons, Hawkins & Co.'s Const. No. 2, Omaha, Neb., on page 23, and Emmons, Hawkins & Co., Principals, Omaha, Neb., on the 14th line of the same page. Post in the order previously indicated. Post the last entry on each side of the Cash Book to the Note Ledger in the columns ruled for that purpose, as no account of either Bills Receivable or Bills Payable is kept in the regular Ledger. Do not fail to post the totals of the Merchandise Discount columns in the Cash Book to the proper account in the Ledger. Post the total purchases and sales for the month to the Merchandise account.

Statements. Make out statements as previously instructed and have them approved.

Trial Balance.—Take a trial balance and have it approved. Be sure to include the cash on hand, the notes on hand, and the firm's notes outstanding.

Inventories and Balance Sheet. Make the extensions on the Inventory of Merchandise and other property (No. 240a) as furnished you by Mr. Winter and have it approved. Copy same into your Journal. Make an Inventory of Resources and Liabilities and have it approved. Make a Balance Sheet. Have it approved and close the accounts showing losses and gains.

Present all books and your vouchers on file for inspection and approval.

QUESTIONS. What is Real Estate? What instrument is necessary to transfer Real Estate? Why is Real Estate not kept under the Mdse. account? Why is a separate account kept for Stock purchased instead of including it in Mdse? What is the object in allowing a discount on bills paid within a certain time? What advantage is there in discounting your note at bank? What is the object in keeping the Sales Book? The Invoice Book? What is a certificate of deposit? Why is the Pass Book more frequently used by banks in giving credit to depositors for their deposits than the certificate of deposit? What is a consignment? To whom is a consignment known as a shipment? What is the object in shipping goods to a Commission Merchant in another city to be sold? What is an Invoice of Shipment? What is the difference in use between an Invoice of Shipment and an ordinary bill? What is an Account Sales? On what is the commission always reckoned? What is meant by the Net Proceeds? Are the net proceeds always remitted to the consignor when the account sales is rendered? Why is it not necessary to make an entry when we receive goods to be sold on commission for other parties? What is the object in keeping a Note Ledger or Bill Book? When is it customary to allow partners interest on their investments and charge them interest on their withdrawals? Give a good reason for filing all the vouchers received by the business.

THE BUSINESS OF C. W. HAMMOND & Co. DISSOLVED.

MAY 1, 189—.

Dissolution of Partnership. You will now assume that a fire has destroyed the entire business block of which 122–124 Main Street is a part. Your stock of merchandise and all the fixtures, except the fire proof safe and its contents, have been consumed. Owing, either to negligence or imprudence, you and your partners failed to carry insurance on your property, and consequently will have to bear the loss.

Mr. Hammond has been offered the management of the City Grocery Company at a good salary and has decided to discontinue business. The Tropical Fruit Company have made Mr. Winter a very flattering offer to go to South America as their purchasing agent. Glad to avail himself of the opportunity to travel, he has decided to accept, if you and Mr. Hammond will agree to discontinue the business or purchase his interest.

J. D. Creager, doing business as a retail grocer at 228 Walnut St., is desirous of increasing his business; with that end in view he makes you a proposition to take you into partnership and open a larger and better store at 620–622 Broadway.

You and your partners meet and confer. They propose that as you are thinking of continuing as a merchant, you would better attend to the closing up of the late business. Mr. Hammond proposes to accept as his share of the remaining assets the real estate, valued at \$3250, and the 25 shares of Worcester Coal Co. stock, valued at \$2625, making a total of \$5875. Mr. Winter agrees to take as his share of the assets the two notes drawn by A. J. Gouley, for \$1000 and \$2152.08, respectively. You are to receive the remainder of the assets and assume all the liabilities. Ascertain from the April Balance Sheet the amount of your share of the assets, provided you accept their proposition.

You will observe that your share of the remaining assets after the liabilities have been discharged will be greater in proportion to the investments than either Mr. Hammond's or Mr. Winter's; but you are to consider that you will be put to the trouble of closing up the business, and should you fail to collect all or part of any of the accounts you will be the loser.

You decide to form the partnership with J. D. Creager. You, also, agree to the terms proposed by Mr. Winter and Mr. Hammond. Endorse the A. J. Gouley notes over to Frank Winter, by a full endorsement, *i. e.*, write "Pay to the order of Frank Winter, C. W. Hammond & Co., per (your name)," and place them in Vouchers for Others. Transfer the Worcester Coal Co. Stock to Mr. Hammond by assignment; *i. e.*, fill out the blank form of assignment on the back of the certificate, complying with all the requirements. Write up a quit-claim deed, quit-claiming your and Mr. Winter's interests in the real estate to Mr. Hammond. (*See form 3 in the appendix.*) Make a copy and submit your work for approval before copying on the form provided in your supplies. Get your teacher to sign for Frank Winter. Place all papers in Vouchers for Others.

Prepare an Inventory of the Resources and Liabilities, which you are to submit to your future partner, Mr. Creager. Have it approved. Prepare a bill of sale in which C. W. Hammond and Frank Winter transfer to you your share of the effects as scheduled in the Inventory of Resources and Liabilities you have just prepared. (*See form 4 in the appendix.*) Have it approved before copying on the form furnished you in your supplies. Your teacher will sign for your partners. Place it on the Voucher File. Endorse the notes drawn by Harry Powell and Frey & Thomas, making them payable to your order. Write a check payable to your order for the amount of cash on hand but do not detach it.

Closing Accounts Showing Losses and Gains. Turn to your Ledger and close the accounts (Merchandise, Furniture & Fixtures and Real Estate) affected by the fire into Loss & Gain account. There are no inventories of Furniture & Fixtures and Merchandise, as everything belonging to these accounts has been destroyed; the inventory of Real Estate is \$3250.

Closing Partners' Accounts. Close the Inventories of Real Estate and Worcester Coal Co. Stock into Mr. Hammond's account, making use of red ink and explanations, as you do when closing an account into Loss & Gain account. Next, on the debit side of his account, write "Loss" and the amount required to balance his account. Rule his account and transfer this balance to the credit of Loss & Gain account. Next transfer the A. J. Gouley notes from the Bills Receivable account in the Note Ledger to the debit of Frank Winter's account. Write in the Note Ledger opposite the respective notes in red ink, "Frank Winter, 1," and the amount. Transfer the total to the debit of Frank Winter's account, writing "A. J. Gouley notes" and the amount. Transfer the balance of his account to the Loss & Gain account. The remaining part of the Loss, as shown by the Loss & Gain account, you will now close into your account, which is the amount you have lost. Bring down the balance of your account, which should be equal to your part of the Resources less the Liabilities, as shown by the Inventory of Resources & Liabilities which you have prepared.

Notice of Dissolution. Your relations with C. W. Hammond and Frank Winter as partners are now at an end, and the law is that neither of you may by any act bind the late firm as to any new transaction, but this presupposes that the person with whom the transaction occurs knows of the dissolution. It follows, therefore, that notice of the dissolution should be given. It is customary to mail a circular notice to all persons with whom the firm had any dealings, and also to insert a notice of dissolution in the advertising columns of one of the local newspapers so as to inform the general public, although it is not necessary to give notice of the dissolution to those who have had no dealings with the firm.

The following is a convenient form for giving notice of the dissolution, and may be sent to the persons with whom the firm has been doing business, or it may be published in the paper, or both.

NOTICE OF DISSOLUTION.

Notice is hereby given that the copartnership heretofore existing under the firm name of C. W. Hammond & Co., at _____ (your place) _____ is this day dissolved. All accounts due the firm are to be paid to _____ (your name) _____, and all liabilities should be presented to him for payment.

Dated _____ (your place) _____, May 1, 189-.

C. W. HAMMOND.

(Your name.)

FRANK WINTER.

Prepare a notice similar to the above but do not sign for your partners. Present it with your books for inspection.

RETAIL GROCERY BUSINESS.

MONDAY, MAY 10, 189-.

The New Firm. It is agreed between Mr. Creager and yourself that the firm name under which you are to do business shall be *J. D. Creager & Co.* Each partner is to invest his entire Resources, and the Liabilities of each are to be paid by the firm. All losses or worthless resources are to be charged to the partner investing same. Both partners are to share gains, losses and assets equally, and each partner is entitled to draw \$25 per week for private use. Mr. Creager will make all purchases, sell to customers who buy for cash, and make all deposits for the firm. You are to keep the books and sell to persons who buy on account. Mr. Creager is to be credited for Good Will for an amount sufficient to make his capital equal to yours.

By Good Will is meant the good name, the trade, the acquaintance and the standing which J. D. Creager's business at 228 Walnut Street has acquired. The good will of some business concerns is their most valuable resource.

No. 241.—By this bill of sale Mr. Creager sells the entire effects of his late business at 228 Walnut Street to the firm of J. D. Creager & Co. Read it carefully, then draw up one transferring your share of the effects of the late business, 122-124 Main Street, to the firm of J. D. Creager & Co. Have your bill of sale approved. After folding it properly, brief both documents, *i. e.*, fill out the blanks on the back of same. Place them on the Voucher File.

Carefully read form 5 of partnership agreement given in the appendix, then draw up a partnership agreement between Mr. Creager and yourself, observing every detail as given in the form. Have your Partnership Agreement approved, then brief it and file on the Voucher File.

Take Mr. Creager's bill of sale from the Voucher File and make the proper records for his investment in the books as explained in the following:

Opening Entries. In the Cash Book credit J. D. Creager for the amount of cash invested. (*See form of Cash Book, pages 88 and 89.*) In the Note Ledger, on the Bills Receivable side, on page 2, credit him in the "Drawer & Endorser" column for the note he invests. Credit him for the remainder of his resources and for Good Will in the Journal as illustrated below. You are to determine the amount of Good Will by subtracting his Net Capital from your Net Capital. Debit him for his liabilities as illustrated.

MAY 10, 189-.

J. D. Creager and(your name)..... commenced business under the firm name of J. D. Creager & Co.					
J. D. Creager's Resources are:					
✓ Cash, \$2482. 40.	(See Cash Book.)				
✓ J. P. Hinolf's note, \$450.	(See Bill Book.)				
Furniture & Fixtures	on hand	500			
Horse & Wagon	"	250			
U. S. Bonds	"	2500			
J. D. Tuckey	owes him	20	50		
Waverly Hotel	"	82	40		
Mrs. E. K. Shoop	"	16	20		
Mdse.	per Inventory	835	16		
Good Will					
J. D. Creager					
His Liabilities are:					
J. D. Creager		902	66		
Curry, Tunis & Norwood	owes them			621	50
Ballard & Ballard Co.	"			281	16

RETAIL CASH BOOK.

DATE.		L. F.	LEDGER ACCOUNTS AND EXPLANATIONS.	GENERAL.		MDSE.	
189- May	10	25	J. D. Creager, invests	2000			
		25	Student, "	5000			
			Cash sales for the day			120	
	11	2	Bills Receivable, M. Mahoney's note	500			
		82	J. D. Tuckey, in full	42	50		
			Cash sales for the day			145	
	12	32	Waverly Hotel, in full	86	25		
			Cash sales for the day			205	
	13	82	Mrs. E. K. Shoop, in full	17	25		
			Cash sales for the day			240	
		82	Harry Powell, in full	72			
		25	Mdsc., total cash sales	710		710	
				8428	(00)		
May	18		Balance	7485	70		

You will now enter the Resources and Liabilities of your late business as shown by the bill of sale you executed. Take your bill of sale from the Voucher File and replace the one you have been using. Observe the instructions and illustrations given for entering J. D. Creager's Resources and Liabilities when making the entry for your investment. Be sure to transfer the Bills Receivable on hand to page 2 of the Note Ledger, crediting yourself in the "Drawer & Endorser" column for each note invested. Likewise transfer the Bills Payable outstanding to page 2 of the Note Ledger, charging yourself in the "Drawer & Endorser" column for each note not redeemed.

No. 242.—By this check J. D. Creager turns over the cash he invests to the firm of J. D. Creager & Co. Transfer the check in your Check Book, made payable to your order, to the firm of J. D. Creager & Co. by endorsing it in blank. Make out a deposit ticket, using the proper form, and endorse the checks as follows: "Pay to the order of Farmers and Mechanics Bank, J. D. Creager & Co., per _____ (your name) _____." Enter the deposit on the stub of the check book where you find the first Farmers and Mechanics Bank check. Place the checks and deposit ticket in an envelope and write J. D. Creager's name on the envelope. Mr. Creager will make this and all subsequent deposits for the firm. The Farmers and Mechanics Bank will supply the Pass Book; banks as a rule supply their customers with pass books, and, if desired, check books.

Posting. Post the entries just made, placing the initial of the book from which you post in the explanation column of each account in the Ledger. Be sure to post the note invested by J. D. Creager to the credit of his account and the notes invested by you to the credit of your account; also post to the debit of your account all notes outstanding.

In opening accounts in the Ledger, place four accounts on a page, beginning with the Proprietors' accounts on page 25. Place all property and allowance accounts under this group. On page 28 begin with the personal accounts payable or accounts with persons to whom the business is indebted. On page 32 begin with the personal accounts receivable or accounts with persons who are indebted to the business.

RETAIL CASH BOOK.

DATE.	L. F.	LEDGER ACCOUNTS AND EXPLANATIONS.	GENERAL.		MDSE.		EXPENSE.
189- May	10	Premium for insurance 5.00; postage 2.00					7
		Baker's bill for the day			1	50	
		One week's rent in advance, ck. # 1					20
		Apples and potatoes, ck. # 2			18		
	28	J. J. Disoway & Co., in full	72	40			
	11	Dried beef and peaches, ck. # 4			26		
		Moving telephone					5
		Baker's bill for the day			8	60	
	3	Bills Payable, White Star Mills	500				
	28	Curry, Tunis & Norwood, in full	240				
	12	Butter and Eggs, ck. # 7			27	80	
		Horse feed					12
	18	Cheese 5.00; apple butter 4.00			9		
	25	Expense, total for week	44				44
	25	Mdse., total cash purchases	85	90	85	90	
		<i>Balance in bank*</i>	7485	70			
			8428	00			

* Italics indicate red ink.

In case you are unable to decide under which division an account belongs, consult the C. W. Hammond & Co. Ledger or the teacher.

Trial Balance. Take a trial balance and have it approved.

Balancing Old Ledger. Turn to Shipt. E. Spencer account in the C. W. Hammond & Co. Ledger. Write on the credit side in red ink, *May 10* (with the year above), *J. D. Creager & Co. L., 27, 888.50*. Rule the account as heretofore instructed, but do not bring the balance down, as it is to be found in Creager & Co.'s Ledger where indicated by the folio number in the balancing entry you have just made. Continue in like manner with all accounts that do not balance. Be sure to include the number of the page to which the account has been transferred in your balancing entry so that the balance of the account can be readily traced to J. D. Creager & Co.'s Ledger. Balance both sides of the C. W. Hammond & Co. Note Ledger as per above instructions.

Books Used. The books used in this business do not differ materially from the ones used in the preceding business, the Journal and Note Ledger being identical in form.

Cash Book. Labor saving columns are used in the Cash Book. (*See illustration of Cash Book on pages 88 and 89.*) All items, the amounts of which are placed in either of the Merchandise columns or Expense column, are short-extended, *i. e.*, the entries are written farther to the right, away from the Ledger folio column, to indicate that they are not to be posted as separate items. In entering an item, the amount of which is to be placed in one of the Special Columns, make a full explanatory record of same and omit the title of the Ledger account, as the heading of the Special Column receiving the amount clearly indicates the account to be charged or credited. At stated periods, usually once a month, the Special Columns are footed and the footings carried to the General Column, when the totals are posted—the Mdse. total on the left side to the credit of Mdse. account, and the Mdse. and Expense totals on the right side to the debit side of the proper accounts.

Abstract Sales Book. Instead of making a detailed record of the sales in the Sales Book as heretofore, in this business you will make an abstract of each sale from the Sales Ticket; *i. e.*, write the party's name and the total of his purchase, together with the number and date of the Sales Ticket from which the abstract is made. (*See form of Abstract Sales Book given below.*) Instead of the Abstract Sales Book, Abstract Sales Sheets are often used.

ABSTRACT SALES BOOK.

DATE.	NO. OF SALE.	L. F.	NAME OF PURCHASER.	ADDRESS.	AMOUNT.	AMOUNT OF DAILY SALES.
189- May,	10	1	Mrs. Paul Frey,	200 Broadway,	2 05	48 95
		2	Mrs. Simon Hart,	114 Walnut St.,	5 40	
		3	N. A. Eckler,	66 Marshall St.,	2 60	
		4	Waverly Hotel,	7th & Walnut,	26 50	
		5	Dennett's Lunch Rooms,	9th & Chestnut,	7 40	
	11	6	Mrs. G. Brenner,	1216 8th St.,	2 40	7 00
		7	Mrs. Simon Hart,		1 75	
		8	R. H. Lord,	58 Manhattan St.,	1 55	
		9	Mrs. Paul Frey,		1 80	

Sales Tickets. The Sales Tickets used in business are printed in duplicate (sometimes in triplicate) and are usually bound in book form. By the use of carbon paper two or more copies are produced at one writing. The *original* is sent to the bookkeeper's desk to be charged, while the *duplicate* is delivered with the goods to the purchaser. After the Sales Tickets for the day have been entered in the Abstract Sales Book or on the Abstract Sales Sheet they are filed in numerical order so that reference to them can be readily made. Various appliances are used in business houses for filing sales tickets and other papers of a like nature. The following are forms of the original and duplicate forms of Sales Tickets.

J. D. CREAGER & CO.			
REGISTERED BY		May 189	
Name		Mrs. Paul Frey	
Address		200 Broadway, City	
Amount Received		Examined by	
1 bag Flour	1 50		
1 # Rio Coffee	30		
1/2 # Oolong Tea	25		
	2 05		
1			

ORIGINAL.

J. D. CREAGER & CO.			
REGISTERED BY		May 189	
Name		Mrs. Paul Frey	
Address		200 Broadway, City	
Amount Received		Examined by	
1 bag Flour	1 50		
1 # Rio Coffee	30		
1/2 # Oolong Tea	25		
	2 05		
1			

DUPLICATE.

In the larger retail houses the salesmen are designated by number. The salesman's number in the above case is 2. In this business Mr. Creager will be designated as salesman number 1 and you as salesman number 2.

Cash Tickets. For cash sales, Cash Tickets are used. While they differ in use they are identical in form to the Sales Tickets, and are also printed in duplicate or triplicate. The *original* is sent to the cashier's desk with the cash received, and the *duplicate* is enclosed with the purchase. The cashier makes an abstract on an Abstract Cash Sheet of the different Cash Tickets for the day, the total of which must agree with the actual amount of cash received from Cash Sales.

The cashier reports daily to the bookkeeper the amount of cash received, and the result is verified by him or by some other person by checking the Cash Tickets with the Abstract Cash Sheet and proving the addition. In this business Mr. Creager will verify the cashier's results. The method of filing the Cash Tickets is similar to that of filing the Sales Tickets. Following are the forms of original and duplicate Cash Tickets.

J. D. CREAGER & CO.			
IDENTIFIED BY		May 189	
Name		SOLD BY	
Address		1	
Amount Received		Examined by	
2 doz Eggs	10¢	36	
1 lb Butter		25	
5 lb Sugar	6¢	10	
1 bag Flour		1.50	
		2.29	
1			

ORIGINAL.

J. D. CREAGER & CO.			
IDENTIFIED BY		May 189	
Name		SOLD BY	
Address		1	
Amount Received		Examined by	
2 doz Eggs	10¢	36	
1 lb Butter		25	
5 lb Sugar	6¢	10	
1 bag Flour		1.50	
		2.29	
1			

DUPLICATE.

Advantages of the Ticket System. The Ticket System which you are to use in this business is the one in use in the more progressive retail houses; especially is this true in dry goods establishments and department stores. It is a labor saving method, as the Tickets take the place of the Order Book, Customers' Ledger and Pass Book. Besides, Pass Books are an inconvenience, both to customers and merchants; but when they are not used the customers have no way of checking the articles purchased at the time of delivery, unless the Ticket System be used.

Other Books Sometimes Used. In some retail houses the Order Book, Accounts Payable Book, Petty or Customers' Ledger and Main Ledger are kept. Other books, as Petty Cash Book, Receiving Book, Clerks' Sales Record, Department Sales Book, Department Sales Ledger, Abstract Books, etc., are also kept in the larger retail houses.

Order Book. The Order Book used in most retail houses is a cheap, coarse book, made usually with a page twelve inches long and five inches wide, and lies upon the counter during business hours. Goods to be delivered, that are paid for when ordered, are entered regularly in the Order Book, and the word "Paid" is written across the order, but the amount is not extended into the outside column. If not paid for, the amount is extended into the outside

column, and the items are entered in the purchaser's account in the Customers' Ledger at the close of the day's business, or at such other times as it may be convenient to post from this book. At the close of the day's business, or at the end of the month, the outside money column of the Order Book is footed, and the footing, which represents the credit sales of Mdse. for that period, is posted to the credit of Mdse. (*See form of Order Book below.*)

Some retail houses have two sets of Order Books. One set for use on Mondays, Wednesdays and Fridays, and the other for use on Tuesdays, Thursdays and Saturdays. When this is done, the books used in the store on one day are examined, checked and posted in the office on the next.

ORDER BOOK.

May 2, 189—.

	L. F.								
<i>Paid.</i>	16	Mrs. Paul Frey,	on ac,			1	50		2 05
		1 bag Flour,					80		
		1# Rio Coffee,			50¢		25		
		1# Oolong Tea,							
<i>Paid.</i>	✓	Mrs. Simon Hart,	cash,		1.50	3	50		
		2 bags Flour,					84		
		1 bu. Apples,			11½¢	1	84		
		1 Sugar Cured Ham, 10#.				5	84		
<i>Paid.</i>	20	T. W. Dryden,	on ac,				85		2 55
		1 bu. Potatoes,					40		
		1 doz. Florida Oranges,					80		
		1# Rio Coffee,				1	50		
<i>Paid.</i>	✓	R. L. Long,	8 cash,						
		2# Butter,			25¢		50		
		1 bag Salt,			1.50	8	05		
		2 bags Flour,				8	55		

Customers' Ledger. The Petty or Customers' Ledger is, generally, a medium sized book, ruled like the ordinary Journal, and contains accounts with customers only. The purchases and payments of customers are entered in detail in this book, the former from the Order Book or Sales Tickets, the latter from the Cash Book. From a Ledger kept in this way an itemized statement of a customer's account can easily be made at any time. Such statements are rendered monthly in most retail houses where the ticket system is not used. (*See form of Customers' Ledger, page 93.*)

It will be observed that the left-hand money column is used for debit amounts, and the right-hand money column for credit amounts. The items are short-extended until the line is filled, when the sum of the items on that line is entered in the money column. Two or more dates may be entered on one line, thereby economizing space.

As a part of the accounts of the business are kept in the Customers' Ledger, the balance of these accounts must be carried to the Trial Balance when balancing the books. Instead of keeping a separate Ledger for customer's accounts, it is customary in the smaller retail houses to set aside a portion of the regular ledger for customers' accounts or personal accounts receivable as explained at the foot of page 88.

CUSTOMERS' LEDGER.

Mrs. E. K. Shoop, 2635 Columbia Ave., City.

180- May									
2	Mdse., per P. B.,			2	28				
5	20 lb. A. Sugar, ⁹⁵ ; 4½ lb. C. Fish, ²⁵ ; 2 lb. J. Coffee, ⁷⁰ ;			2	01				
	4 lb. Crackers, ⁴⁰ ; 5 gal. K. Oil, ⁷⁵ ; 8 bu. Potatoes, ²⁴⁰ ;			8	55				
6	Cash,							5	00
8	Mdse., per P. B., ²¹⁰ ; (9) Mdse., per P. B., ²²⁷ ,			4	87				
11	20 lb. G. Sugar, ¹⁰⁵ ; 2 qt. Oysters, ⁶⁰ ; 1 pkg. Pepper, ²⁵ ;			1	90				
	2 lb. J. Tea, ¹¹⁰ ; 1 Lemon ex., ²⁰ ; 5 lb. Butter, ¹⁵⁵ ,			2	55				
12	Cash,							11	66
				16	66			16	66

The Pass Book. It is customary for some retailers, who do not use the Ticket System, especially those engaged in the grocery or market business, to furnish each regular customer a pass book, which is usually pocket size, and ruled like the ordinary Day Book. (*See form of Pass Book below.*)

The book is footed at the bottom of each page, and the footing carried forward until a payment is made, when it is deducted, and the balance brought down.

In case the credit items are numerous the Pass Book is kept similar to the Cash Book or Bank Pass Book; the debit items being placed on the left-hand page and the credit on the right-hand page. This method is usually employed when farm products are exchanged for groceries, etc.

When an order is given at the store to be delivered, the pass book is usually left with the order, and when the goods are delivered the pass book is returned, with the proper charges entered in it.

When the items are entered in the pass book it is not necessary to post in detail in the Customers' Ledger; the date, amount, and explanation "per Pass Book" or "per P. B.," being sufficient. But orders are often received and charged in the absence of the pass book, when the items should, of course, be posted in detail in the Customers' Ledger; and the details would indicate "not on Pass Book." Then when the pass book is left at the store to be "written up," the bookkeeper copies from the Customers' Ledger only the detailed charges, and then tests the footing of the pass book with the footing of the account in the Ledger, which should agree.

When pass books are used no bills are rendered for the month, as the pass book is a statement of account in itself. The page of the customer's account in the Ledger is usually written in large figures on the cover of the pass book, together with the customer's name, which enables the bookkeeper to turn to the customer's account without consulting the index.

PASS BOOK.

1	(Left hand page.)					(Right hand page.)				2
180- May						180- May				
2	½ lb. Java Coffee,			18		6	Forward,		7	84
	1 lb. G. P. Tea,			50			Cash,		6	00
	1 sack Flour,	1	60							
5	20 lbs. A. Sugar,		95			8	Balance,	1	84	
	4½ lb. C. Fish,		36				2 Brooms,		50	
	2 lb. J. Coffee,		70				4 bu. Apples,	1	00	
	5 gal. K. Oil,		75				1 lb. Raisins,		12	
	4 lb. Crackers,		40				1 doz. Eggs,		23	
	8 bu. Potatoes,	2	40				1 cake Chocolate,		25	
	Forward,		7	84						

No. 243.—Miss Emma Frey has been engaged as cashier and stenographer at a salary of \$10 per week. She has given bond for the faithful performance of her duties, which meets with Mr. Creager's approval, and which you will also approve. Read the bond carefully so as to become familiar with the form, then fold, brief and file it.

Miss Frey is to have charge of the cash. She is to receive all currency and checks, pay out all currency, and render a statement of the cash received and paid out, to the bookkeeper at the close of each day's business.

No. 244.—Read this lease (No. 244) carefully, then brief and file it. Pay the rent for one week in advance. Write the check and place it in Cash Paid Out. In this business do not enter checks issued until instructed at the close of the day's business.

Nos. 245, 246, 247, 248.—Mr. Creager has received the goods called for by these bills. Go over the calculations and if found correct O. K. the bills. Enter in the Invoice Book beginning on page 7.

Mr. Creager has purchased 40 bu. Potatoes at 25¢ and 30 bu. Apples at 40¢ from John Payne for cash. Write a check in payment of same.

Write a check making it payable to Frank J. Brown in payment of 40 doz. Eggs at 15¢ and 56 lbs. Butter at 20¢.

Pay J. J. Disoway & Co. by check the amount due them.

Make out the Sales Tickets for the orders received that are to be charged on account. In business the salesman receives the orders and makes out the Sales Tickets. You will now perform the work of the salesman who sells on account, and prepare the Sales Tickets for the sales on account for the day referring to the Model on page 90.

NOTE.—The duplicate Sales Tickets are dispensed with as they are not necessary to illustrate the method of keeping the books. If they were used you would write the original in pencil placing a carbon sheet on the duplicate, then detach and place it in Vouchers for Others.

Sales on Account.—(1.) Mrs. Paul Frey, 200 Broadway, 1 bag Flour, 1.50; 1 lb. Rio Coffee, 30¢; $\frac{1}{2}$ lb. Oolong Tea at 50¢.

(2.) Mrs. Simon Hart, 114 Walnut St., 1 bottle Lemon Extract, 25¢; 2 bags Flour at \$1.50; 1 bu. Apples, 50¢; 1 Sugar Cured Ham, 16 lbs., at 11 $\frac{1}{4}$ ¢.

(3.) N. A. Eckler, 66 Marshall St., 1 bu. Potatoes, 35¢; 1 doz. Oranges, 50¢; $\frac{1}{2}$ doz. Lemons at 40¢; 1 lb. Java Coffee, 35¢; 1 bag Flour, \$1.50.

(4.) Waverly Hotel, 7th & Walnut Sts., 25 lbs. Butter at 22 $\frac{1}{4}$ ¢; 1 brl. Gran. Sugar, \$8.75; 20 lbs. O. Tea at 29¢; 2 brls. Flour at \$4.80; 10 doz. Eggs at 18¢.

(5.) Dennett's Lunch Rooms, 9th & Chestnut Sts., 12 lbs. Butter at 24¢, 50 lbs. Sugar at 6 $\frac{1}{4}$ ¢; 12 bottles Tomato Sauce at 15¢.

Go over your Sales Tickets to see that you have omitted none of the details and that the extensions and calculations are correct. Have you numbered the Sales consecutively as given above and placed your number (2) on each ticket?

Enter the Sales in numerical order in the Abstract Sales Book, giving the date and number of the sale, the name and address of the party who made the purchase and the amount of the purchase. (*See illustration of Abstract Sales Book on page 90.*) Extend the total to the "Amount of Daily Sales" column. File the Sales Tickets in numerical order in the receptacle furnished you for that purpose in your supplies.

NOTE.—Your partner is supposed to sell to customers who buy for cash. He makes a set of Cash Tickets for each sale, encloses the *duplicate* with each purchase and sends the *original* with the cash received to the Cashier's desk. The total amount of cash received from Cash Sales should at any time equal the total of the Cash Tickets. These tickets are kept on file in numerical order by the Cashier so that reference can be readily made to them.

No. 249.—CASHIER'S STATEMENT. Examine voucher No. 249 carefully. See if the additions and subtraction are correct. Make the entries therefrom in the Cash Book as follows: 1. Credit Mdse. for the cash sales and place the amount in the Mdse. column. Short-extend this entry to indicate that it is not to be posted until the end of the week. (*For similar entry, see illustration of Cash Book, pages 88 and 89.*) 2. Credit Bills Rec. in the General Column for the amount received from Harry Powell as it is in payment of note due yesterday. (*See Note Ledger.*) 3. Credit J. D. Tuckey in the General column for the amount received. 4. Debit Expense for the amount paid for insuring the stock of merchandise, also for postage and place the amounts in the Expense column. 5. Debit Mdse. for the baker's bill and place the amount in the Mdse. column. Have you short-extended each of the entries on the credit side to indicate that they are not to be posted? File the statement on the Voucher File.

From the stub of the Check Book make entries for all checks issued to-day. Be sure to place the amounts in the proper columns and short-extend each entry the amount of which is to be placed in one of the Special columns. Prove cash to see that the balance as shown by the Cash Book agrees with the actual amount on hand, i. e., in bank, and in safe as shown by the cashier's statement. If found to agree, present your Sales Book, Sales Tickets and Cash Book for inspection. Post the books. Do not post any items that appear in either of the Mdse. or Expense columns. Check over the posting.

TUESDAY, MAY 11, 189—

Nos. 250 and 251.—Verify the calculations and additions of these bills. Paste them into the Invoice Book.

Pay note due to-day by check. (*See Note Ledger.*) Take the check to the teacher and receive the note properly cancelled.

Pay Curry, Tunis & Norwood the amount due them.

Make out Sales Tickets for the following:

Sales on Account.—(6.) Mrs. G. Brenner, 1216 8th St., 1 can Corn, 15¢; 2 doz. Eggs at 17½¢; 3 lbs. Sugar at 6½¢; 1 bottle Salad Dressing, 30¢; 1 bu. Potatoes, 40¢.

(7.) Mrs. Simon Hart, 1 lb. Grenoble Walnuts, 30¢; 1 lb. Cheese, 22¢; 2 lbs. Dried Beef at 28¢.

(8.) R. H. Lord, 53 Manhattan St., 2 lbs. Java Coffee at 35¢; 1½ lbs. Butter at 25¢; 5 lbs. D. Peaches at 18¢; 1 bag Salt, 6¢.

(9.) Mrs. Paul Frey, 2½ lbs. Butter at 25¢; 1 bag Salt, 6¢; 2 lbs. Mixed Candy at 12½¢; 3 gal. K. Oil at 11¢.

(10.) Mrs. E. C. Mills, 55 Chestnut St., 3 bu. Potatoes at 40¢; 1 Broom, 30¢; 1 gal. Vinegar, 10¢; 3 doz. Eggs at 17½¢.

(11.) Waverly Hotel, 1 crate Eggs, 30 doz. at 16¢; 1 box Oranges, \$3.95; 1 brl. Salt, \$2.00.

(12.) Mrs. S. Eichert, 711 16th St., 1 brl. Flour, \$4.85; ¼ lb. Baking Powder at 50¢.

Verify your work. Enter the Sales Tickets in the Abstract Sales Book in numerical order, then file them numerically with the Sales Tickets of yesterday.

No. 252.—Verify the additions and subtraction of this statement and make the entries in the Cash Book referring to previous instructions. Add the deposit to the balance in bank. File the statement on the Voucher File.

Enter the checks issued to-day from the stub of the Check Book. Prove cash. If found to agree present the Cash Book, Sales Book and Sales Tickets for inspection. Post the books. Check over the posting.

WEDNESDAY, MAY 12, 189-.

Nos. 253 and 254.—Verify the calculations and O. K. these bills if found correct. Enter in the proper book.

Pay one-half of Invoice No. 245 by check.

Prepare Sales Tickets for the following:

Sales on Account.—(13.) Mrs. Philip Zoercher, 561 8th St., 1 cake Toilet Soap, 15¢; 2 loaves Bread at 5¢; 3 lbs. Sugar at 6½¢; 1 lb. O. Tea, 50¢.

(14.) N. A. Eckler, 2 doz. Eggs at 17½¢; 1 bottle Chili Sauce, 20¢; 2 Lamp Chimneys at 8¢; 1 can Salmon, 18¢.

(15.) J. D. Tuckey, 2026 Brandywine St., 5 lbs. Oatmeal at 6¢; 1 package Toothpicks, 5¢; 2 loaves Bread at 10¢; 1 lb. Ground Pepper, 70¢; 1 bag Salt, 6¢; 2 cans Peaches at 28½¢.

(16.) Mrs. E. K. Shoop, 2635 Columbia Ave., 2 lbs. Mixed Nuts at 30¢; 1 doz. Bananas, 15¢; 1 doz. Pickles, 10¢; 3 lbs. Sugar at 7½¢.

(17.) Mrs. E. C. Mills, 4 doz. Eggs at 17½¢; 1 brl. Flour, \$4.75; 8 loaves Bread at 9¢; 2 lbs. Corn Starch at 8¢.

(18.) Waverly Hotel, 1 bunch Bananas, \$1.40; 1 box Lemons, \$3.25; 10 lbs. Mixed Candy at 8½¢; 25 lbs. Sugar at 6½¢. 1 doz. bottles Olives, \$6.40.

Verify the calculations, then enter same in the Abstract Sales Book as previously instructed. File the Sales Tickets in numerical order, with the Sales Tickets already filed.

No. 255.—Verify the additions and subtraction. Make the entries as previously instructed. File on the Voucher File.

Make entries from the stub of the Check Book for all checks issued. Prove cash. Present books and Sales Tickets for inspection. Post the books and check over the posting.

THURSDAY, MAY 13, 189-.

Pay note due to-day by check. Receive the note properly cancelled from the teacher.

Pay one-half of Invoice No. 246 by check.

Pay one-third of Invoice No. 247 by check.

Pay one-half of Invoice No. 248 by check.

Prepare Sales Tickets for the following:

Sales on Account.—(19.) Mrs. Simon Eichert, 16 lbs. G. Sugar at 6½¢; 2 lbs. W. Crackers at 12¢; 1 bag Flour, \$1.50; 3 lbs. Currants at 12¢.

(20.) R. H. Lord, 3 cans Peaches at 28¢; 1 case Apollinaris Water, \$1.25; 5 doz. Eggs at 16½¢; 5 lbs. Raisins at 12½¢.

(21.) Mrs. E. C. Mills, 2 lbs. Oolong Tea at 49¢; ½ lb. Baking Powder at 50¢; 1 bar Soap, 8¢; 1 bottle Salad Dressing, 30¢.

(22.) Dennett's Lunch Rooms, 1 doz. bottles Mustard, \$1.50; 1 doz. Blue Label Catsup, \$3.60; 1 brl. Sugar, \$4.50.

(23.) Mrs. Paul Frey, 1 bunch Celery, 12¢; 4 lbs. Rice at 4½¢; 2 lbs. Mixed Nuts at 20¢; 1 lb. Cheese, 22¢; 1 Broom, 35¢.

(24.) Mrs. Simon Hart, 3 bu. Potatoes at 34¢; 2 loaves Bread at 8¢; 16 lbs. Sugar at 6½¢; 2 lbs. Figs at 16¢; 1 gal. N. O. Molasses, 45¢.

(25.) Mrs. E. K. Shoop, 1 brl. Flour, \$4.90; 1 Broom, 30¢; 1 lb. Vanilla Wafers, 20¢; 5 lbs. Oatmeal at 6¢.

(26.) Waverly Hotel, 12 cases Apollinaris Water at \$1.25; 25 lbs. Mixed Nuts at 30¢; 1 box Oranges, \$3.60.

After verifying your calculations enter the sales in the Abstract Sales Book, then file the Sales Tickets in numerical order.

No. 256.—Verify the additions and subtraction of this statement. Make the entries therefrom. Add the deposit to the balance in bank as shown by the Check Book stub.

Make entries for all checks issued to-day. Prove cash. Have books and Sales Tickets inspected. Post and check over the posting.

FRIDAY, MAY 14, 189—.

Pay Invoice No. 250 by check.

Pay Invoice No. 251 by check.

Pay Bremer, Mahis & Co. in full by check.

Prepare Sales Tickets for the following:

Sales on Account.—(27.) J. D. Tuckey, 3 lbs. Dried Bartlett Pears at 7½¢; 3 doz. Eggs at 15½¢; 4 lbs. Sugar at 7½¢; 1 brl. Flour, \$4.80; 2 lbs. Dried Beef at 26¢.

(28.) Mrs. Phil. Zoercher, 2 lbs. Rio Coffee at 29¢; 3 doz. Eggs at 16¢; 1 brl. Flour, \$4.80; 5 lbs. Oatmeal at 6¢.

(29.) Mrs. G. Brenner, 1 brl. Flour, \$4.80; 3½ doz. Eggs at 17¢; 2 lbs. Coffee at 32½¢.

(30.) R. H. Lord, 6 lbs. Oatmeal at 6¢; 3 lbs. Dried Beef at 26¢; 1 brl. Flour, \$4.90.

(31.) Mrs. S. Eichert, 3 bu. Potatoes at 40¢; 2 cans Peaches at 27¢; 5 doz. Eggs at 18¢; 6 lbs. Soda Crackers at 12½¢.

(32.) Waverly Hotel, 50 lbs. Butter at 23¢; 50 lbs. Coffee at 27½¢; 2 crates Eggs, 60 doz., at 17¢; 20 lbs. Raisins at 12½¢.

(33.) N. A. Eckler, 3 lbs. Cheese at 23¢; 2 gal. Applebutter at 70¢; 10 gal. K. Oil at 9¢; 5 lbs. Coffee at 33¢.

(34.) Mrs. Paul Frey, 16 lbs. Sugar at 6½¢; 10 lbs. Lard at 10½¢; ½ lb. Ground Pepper at 76¢; 5 doz. Eggs at 18¢.

(35.) Mrs. Simon Hart, 1 bottle Vanilla Extract, 25¢; 2 doz. Eggs at 18¢; 3 cans Peaches at 32¢.

Verify the calculations and enter in the Abstract Sales Book. File the Sales Tickets in numerical order.

No. 257. Verify the additions and subtraction. Make the entries. Enter the deposit on the Check Book stub.

Make the Entries for all checks issued to-day. Prove cash. Present books and Sales Tickets for inspection. Post books and check over the posting.

SATURDAY, MAY 15, 189—.

Pay one half of Invoice No. 253 by check.

Pay Invoice No. 254 by check.

Prepare Sales Tickets for the following:

Sales on Account.—(36.) N. A. Eckler, 3 cans Tomatoes at 8¢; 5 lbs. Sugar at 6½¢; 2 cans Corn at 7¢; 3 lbs. Currants at 12¢.

(37.) Dennett's Lunch Rooms, 1 box Macaroni, \$3.40; 1 box Chocolate, \$12.00; 10 lbs. Butter at 21¢.

(38.) Mrs. P. Zoercher, 2 cans Peaches at 18¢; 2 doz. Pickles at 10¢; 3 loaves Bread at 8¢.

(39.) Mrs. G. Brenner, 5 lbs. Sugar at 6½¢; 1 gal. Applebutter, 70¢; 1 gal. Vinegar, 20¢; 1 bottle Mustard, 20¢.

(40.) Mrs. E. K. Shoop, 2 loaves Bread at 8¢; 3 doz. Eggs at 18¢; 1 bottle Vanilla Extract, 25¢; 1 can Baking Powder, 20¢.

(41.) J. D. Tuckey, 2 loaves Bread at 10¢; 3 lbs. Coffee at 32¢; 4 lbs. Dried Peaches at 18¢; 1 lb. Figs, 15¢.

(42.) R. H. Lord, 3 heads Lettuce at 4¢; 1 can Salmon, 20¢; 1 Lamp Chimney, 8¢; 2 loaves Bread at 8¢.

(43.) Mrs. E. C. Mills, 2 loaves Bread at 8¢; 1 lb. Y. H. Tea, 55¢; 1 basket Fancy Fruits, \$1.25; 2 lbs. Dates at 7¢.

(44.) Mrs. Simon Hart, 2 lbs. Crackers at 8¢; 3 heads Lettuce at 4¢; 1 bunch Celery, 9¢; 1 lb. Y. H. Tea, 55¢.

Verify the calculations and enter in the Abstract Sales Book. File the Sales Tickets in numerical order.

No. 258. Verify the additions and subtraction. Make the entries therefrom. Enter the deposit on the stub of the Check Book.

Make entries for all checks issued to-day. Prove cash. Balance and rule the Cash Book in pencil as illustrated on pages 88 and 89. Present Cash Book, Sales Book and Sales Tickets for approval. Balance and rule the Cash Book in ink, observing any suggestions or criticisms your teacher made while examining your work. Have you made proper use of red ink? Post the books. Do not forget to post the totals of the special columns in the Cash Book as instructed on page 89. Post the footing of both the Sales and Invoice Books. Check over the posting.

Trial Balance. Take a trial balance. Include the cash and notes on hand and the notes outstanding in your trial balance. Have it approved.

Inventories. Mr. Oreager has taken account of the stock on hand, which is as follows: Merchandise, \$406.35; Furniture & Fixtures, \$500; Horse & Wagon, \$250; U. S. Bonds increased in value 5 per cent; Shipt. E. Spencer, \$888.50; Shipt. Bower & Moore, \$1151.04; Good Will at the same value at which it was invested. Make an Inventory of Resources & Liabilities and have it approved.

Balance Sheet and Ledger Closed. Make a Balance Sheet and close the Ledger. Present all books and vouchers for inspection and approval.

QUESTIONS. How do you transfer a certificate of stock? Why is it not transferrable by endorsement? What is a quit-claim deed? What difference do you observe between a quit-claim deed and a warranty deed? When there is a dissolution of partnership, why is it a good plan to inform those persons of the dissolution with whom the firm has had dealings? Describe the different methods of giving notice of dissolution. Define Good Will. Why is it a good idea to classify accounts in the Ledger? What reasons can you assign for balancing and ruling the accounts in the old Ledger when they are transferred to the new Ledger? What is the object in having special columns in the Cash Book? Describe the Abstract Sales Book. Describe the Sales Tickets. Why are they usually printed in duplicate? What difference in use is there between the Sales Tickets and Cash Tickets? Name the other books sometimes used in retail houses. Describe the Order Book. Describe the Customers' Ledger. Describe the Pass Book. What is a bond? What is the object in requiring a cashier to give bond? What is a lease? What is meant by a cashier's statement? In what order are the Sales Tickets filed? Describe the method of making an entry the amount of which is placed in one of the Special Columns in the Cash Book. Describe the method of footing and ruling the Special Columns in the Cash Book. To which column is the footing transferred?

APPENDIX.

SINGLE ENTRY BOOKKEEPING.

Purely Single Entry is a system of bookkeeping which contemplates such a record, or the filing of such documents for reference only, as will enable the proprietor to determine at any time those resources and liabilities of his business which cannot be found by taking an inventory.

Personal Accounts. For this purpose the practice is to debit or credit and post personal accounts only. Hence, the distinguishing feature of purely single entry bookkeeping is that only personal accounts are kept.

No Purely Single Entry in Business. Purely single entry books are seldom kept in business, for the reason that almost every business man desires to keep an account of his cash, his expenses and the goods in which he is dealing. Quite frequently other accounts than those mentioned are kept; but when such is the case it ceases to be single entry, as in purely single entry only personal accounts are kept. To the extent that single entry books contain other than personal accounts they approach double entry, but they will still lack many of the valuable features of the double entry method.

Rules for Debiting and Crediting. The rules for debiting and crediting personal accounts in single entry are exactly the same as in double entry. (*See rules 1 and 2 on page 1, rules 5, 6, 7, 8, 9, and 10 on page 10 and rules 15 and 16 on page 18.*) The posting is also done in the same manner as in double entry.

Compared with Double Entry. In double entry bookkeeping, other accounts than those with persons are kept, and an entry involving equal debits and credits is made in the Journal or some other posting book, for every business transaction. When such entry has been posted equal amounts will have been entered on both sides of the Ledger, hence, the name *double entry*. In purely single entry bookkeeping only personal accounts are kept, and an entry, usually involving either a debit or a credit and sometimes both, is made in the Journal or other book of original entry only when a personal account has been affected. When such entry has been posted a single amount will have been entered on but one side of the Ledger, hence, the name *single entry*.

No Trial Balance. A single entry ledger, then, differs from a double entry ledger in that it contains only personal accounts. Since but one amount is posted for each entry in single entry, it will be apparent that the totals of the ledger debit and credit balances will not be equal, and that no trial balance of a single entry ledger can be taken.

No Balance Sheet. Since no accounts showing losses and gains are kept in single entry, it follows that an itemized statement exhibiting the sources of the losses and gains of the business cannot be obtained. The net gain or net loss of the business can be determined, however, and as accurately as in double entry by taking an inventory of the resources and liabilities as explained and illustrated on pages 33 and 34, and in the following paragraph.

Inventory of Resources and Liabilities. It has been explained that the resources of a business consist of the property belonging to the business and the debts owing to it; the liabilities consist of the debts owing by the business. Since the property belonging to the business can be ascertained at any time by taking an inventory, it follows that the only records which it is absolutely necessary to make in order to be able to determine the results of the business, are of such transactions as affect personal accounts, and of such as cause the issuing of Bills Payable. The latter record is in the form of a memorandum.

Books used in Single Entry. In purely single entry all the books necessary are the Day Book-Journal and the Ledger. Very often the Ledger is the only book of record and is then known as an Original Entry Ledger. A convenient form of original entry ledger is the ordinary journal ruling and is illustrated on page 93. (*See illustration of Customers' Ledger page 93.*) In business when it is desired to make records other than those affecting personal accounts, any of the books used in double entry may be employed to advantage, but when that is done it approaches double entry. The forms of the books used in single entry need not differ from those used in double entry; in fact they are generally the same.

The Day Book-Journal. The Day Book-Journal contains debits and credits to persons arising from transactions with such persons. Such debits and credits should be accompanied by sufficiently clear and complete explanations of the transactions giving rise to the entries as to enable any one, whether familiar with the circumstances or not, to readily understand all important facts regarding them. (*See form of Single Entry Day Book-Journal below.*)

SINGLE ENTRY DAY BOOK-JOURNAL.

MARCH 1, 189-.

L. F.					
	Wm. Wood,	Cr.			5000
	Commenced business, investing cash.				
	8				
	J. W. Winter,	Cr.			340
	Bo't on acct,				
	400 bu. Oats,	25¢	100		
	600 " Corn,	40¢	240		
	S. W. Snow,	Cr.			1400
	Bo't on acct.,				
	400 brls. Flour,	3.50	1400		
	4				
	Jas. Spring,	Dr.			250
	Sold on acct.,				
	500 bu. Corn,	50¢	250		
	6				
	J. W. Winter,	Dr.			250
	Paid him on acct.				
	8				
	M. Sumner,	Dr.			1600
	Sold on acct.,				
	400 brls. Flour,	4.00	1600		
	Jas. Spring,	Cr.			200
	Rec'd \$300 on acct.				
	10				
	M. Sumner,	Cr.			1600
	Rec'd his note in full of acct.				
	13				
	S. W. Snow,	Dr.			1000
	Gave him my note on acct.				
	15				
	Wm. Wood,	Dr.			75
	Drew for private use.				

Single Entry and Double Entry Journal Compared. Compare the single entry day book-journal illustrated on the opposite page with the model double entry journal on pages 2 and 3. Observe that the single entry form does not contain the second, third and fourth entries as given in the model; the reason being that no personal accounts are affected by transactions of that kind, consequently no record is required in single entry.

Make a neat copy of the single entry journal on a sheet of journal paper, observing every detail as given. In making an entry in a single entry journal, first write the name of the personal account to be debited or credited together with the abbreviation Dr. or Cr., beginning at the L. F. column and place the amount in the second money column. On the line below beginning about one inch to the right, write the explanation of the transaction and place the items in the first money column.

Posting. Open accounts with the proper persons on a sheet of ledger paper and post the debits and credits of your journal. Check over your posting in pencil. It will be impossible to take a trial balance to test the accuracy of the posting. Why?

Business Results. Counting the cash on hand, Mr. Wood finds that he has \$4676.50; the merchandise on hand consists of the articles enumerated in the Merchandise Inventory illustrated on page 33; there is a note of \$1600 on hand and a note outstanding for \$1000. These are all the resources and liabilities that can be ascertained by taking an inventory; the remainder of the resources and liabilities consist of amounts owing from persons and amounts owing to persons and are to be ascertained from the books.

Make an Inventory of the Resources and Liabilities of Wm. Wood's business using the inventories as given above and the balances of the ledger accounts. Your Inventory of Resources and Liabilities should be identical with the illustration on page 34. By subtracting Wm. Wood's capital as shown by his account in the Ledger from his present capital, we have the gain. As there are no accounts kept with property, it will be impossible to ascertain the sources of the losses and gains, which is usually done in double entry by making a balance sheet.

Changing to Double Entry. You will now open accounts with the property on hand—Cash, Merchandise, Bills Receivable and Bills Payable in the ledger and post the balances of these accounts as exhibited by the Inventory of Resources and Liabilities. Carry the net gain to Mr. Wood's account. Do not forget to postmark in the folio column of the Inventory of Resources and Liabilities. Your ledger should now be in balance. To test the accuracy of your work take a trial balance. Your books are now in condition to be kept by double entry.

Present your work for inspection and approval.

WM. BURKE'S BUSINESS.

To the Student. You will now assume that you are engaged during the day and that you contract with Wm. Burke, a dry goods dealer, to keep his books by single entry, after business hours. Mr. Burke will make a complete record in a Day Book of all the business he transacts during each day from which you will write up the books each evening. To begin with Mr. Burke wishes you to keep a *purely* single entry set of books. Remember, then, to make no entry of a transaction in the Journal unless a personal account is affected by such transaction. The following is a copy of Wm. Burke's Day Book from which you will write up a Single Entry Day Book-Journal.

MAY 20, 189-.

I, Wm. Burke, commence the dry goods business with the following resources:			
Cash in Union Bank,	3000		
Store and fixtures at 468 Jefferson St.,	5200		
Paid for Office Furniture, Books, Stationery, etc.,		124	
Paid for postage,		2	50
Bo't an invoice of dry goods for cash,		422	60
21 Bo't an invoice of dry goods for cash,		818	25
Sold for cash,			
10 pcs., 588 yds., American Prints, 6½¢			
Rec'd an invoice of dry goods from Dunn & Son on acct.,		642	27
22 Sold to M. Casper on acct.,			
5 pcs., 212½ yds., Hamilton Stripe, 9½¢			
8 " 125 " Piedmont C. Drills, 7¢			
Bo't invoice of dry goods from A. P. Fenn & Co. on acct.,		871	50
Sold to M. Casper on acct.,			
4 pcs., 150 yds., York Denims, 12½¢			
8 " 102 " Royal S. Flannel, 26¢			
Rec'd on acct. from M. Casper,		20	
Paid Dunn & Son on acct.,		200	
Rec'd an invoice of dry goods on acct. from Becker & Son,		112	40
24 Rec'd M. Casper's note to apply on acct.,		50	
25 Sold to Dodson & Payne on acct.,			
20 pcs., 795½ yds., Manchester Gingham, 5½¢			
Bo't an invoice of dry goods from Root, Mills & Co., on acct.,		118	29
Gave Root, Mills & Co. my 30-da. note,		75	
Sold to Dodson & Payne on acct.,			
20 pcs., 746½ yds., Vermont C. Cheviot, 12½¢			
26 Rec'd on acct. from Dodson & Payne,		100	

MAY 26, 189-.

Gave Becker & Son on acct.,		50	
Sold T. A. Cody & Co. on acct., 20 pcs., 849½ yds., Hamilton Stripe,	9½¢		
Rec'd on acct. from T. A. Cody & Co.,		25	
27			
Gave Becker & Son my note at 80 days to balance acct.,			
Bo't an invoice of dry goods from Jos. Frey, Jr., on acct.,		161	40
28			
Gave Jos. Frey, Jr., on account,		50	
Rec'd an invoice of dry goods from Minor, Patrick Co. on account,		379	43
29			
Sold to J. F. Brown on acct., 40 pcs., 1209½ yds., Kellog Flannel,	80¢		
Drew for private use,		80	
Sold to T. A. Cody & Co. on acct., 50 pcs., 2914½ yds., Birmingham Ticking,	7½¢		
Rec'd T. A. Cody & Co.'s 80-da. note on acct.,		100	
31			
Cash sales to date amount to		782	64
Paid drayage bill to date,		7	80
Sold to J. F. Brown on acct., 40 pcs., 2287½ yds., American Prints,	6½¢		
I find that I have the following property on hand:			
Cash,		2760	89
Bills Receivable,		150	
Real Estate,		5200	
Mdse. per Inventory Book,		1767	46
Office Furniture,		100	
My notes outstanding amount to		187	40

Present your Day Book-Journal for approval.

Posting. In opening accounts in the Ledger, place five accounts on a page, beginning on page 37. Post and check over the posting.

Business Results. Prepare an Inventory of Resources and Liabilities, using the inventories given above and the balances of the accounts on your Ledger.

Have your inventory approved, after which make a neat transcript of same on page 14 of the Cash Book. Carry the Net Gain or Net Loss to the proprietor's account, and bring the balance below the ruling so as to show his Present Capital at a glance.

SINGLE ENTRY CASH BOOK.

189-.		L. F.					
Jan.	1		C. W. Hammond, invested,	5000			
			Cash sale,	824			
	8		Cash sale,	766			
	8		A. P. Batson, on acct.,	200			
	16		Frey & Thomas, " "	600			
	20		H. B. Phillips & Co., " "	150		7040	
				7040			
						7040	
Jan.	31		Balance on hand,			8797	25

CONTINUATION OF WM. BURKE'S BUSINESS.

Cash Book. You will now discontinue keeping a purely single entry set of books, as Mr. Burke desires you to make a systematic record of the cash received and paid out, so that the cash can be proven each day if he so desires it. Since Cash is a property account, and since only personal accounts are kept in *purely* single entry bookkeeping, it is apparent that it ceases to be single entry whenever an account with property of any kind is kept. Compare the single entry form of Cash Book given on pages 104 and 105 with the double entry form illustrated on pages 42 and 43. Note that the items (personal accounts) to be posted in single entry are made prominent by short extending the items (property and expense accounts) that are not to be posted.

WM. BURKE'S DAY BOOK (continued).

JUNE 1, 189-.

Sold to L. B. Moffet on acct., 50 pcs., 2123 yds., Bombay Gingham,	8½¢				
Paid gas bill for month of May,		1	27		
Cash sales for the day amount to,		126	46		
2 Rec'd from L. B. Moffet on acct.,		75			
M. Casper paid me in full of acct.,					
Paid for postage,		2			
Paid A. P. Fenn & Co. on acct.,		500			
Bo't invoice of dry goods from King, Long & Co. on acct.,		212	87		
Cash sales for the day,		181	40		
8 Sold to W. B. Hicks on acct., 80 pcs., 3281 yds., Piedmont C. Drills,	7¢				
Bo't invoice of Mdse. from W. W. Rorer & Co. on acct.,		147	29		

SINGLE ENTRY CASH BOOK.

189-.		L. F.					
Jan.	1		Cash purchase,	900			
			Cash purchase,	720			
			Cash purchase,	500			
	2		Office books,	17	75		
			Rent,	90			
	9		Redfield & Son, on acct.,	800			
	17		H. Knefely & Son, " "	250			
	23		A. Paul, Jr., " "	800			
	29		C. W. Hammond, private use,	100			
	31		Student's salary,	50			
			Drayage bill,	15		8242	75
			<i>Balance on hand,*</i>	<i>3342</i>	<i>75</i>	<i>3797</i>	<i>25</i>
						<i>7040</i>	<i>00</i>

* Italics indicate red ink.

JUNE 3, 189-.

Rec'd from W. B. Hicks on acct.,	100	
Paid for washing windows,		75
Paid Minor, Patrick Co. on acct.,	100	
Cash sales for the day,	117	48
Bo't mdse. on acct. from Minor, Patrick Co.,	248	90
Sold on acct. to W. B. Hicks, 50 pcs., 2252 yds., Passaic Prints, 44¢		
Rec'd from J. F. Brown on acct.,	200	
Paid A. P. Fenn & Co. in full,		
Cash sales for the day,	207	82
Rec'd of Dodson & Payne their note to balance acct.,		
Gave King, Long & Co. my note to apply on acct.,	125	
Sold on acct. to L. B. Moffet, 100 pcs., 4522 yds., Washington Cambric. 44¢		
Cash sales for the day,	192	40
Rec'd of W. B. Hicks his note to apply on acct.,	150	
Paid Dunn & Son in full,		
Paid for drayage,	1	75
Drew a draft on J. F. Brown favor of W. W. Rorer & Co. for the amount I owe W. W. Rorer & Co.,*		
I desire to have my books kept by double entry; ascertain the net gain or loss, using the following inventories, then proceed to change to double entry.		
Real Estate,	5300	
Mdse. on hand,	1892	40
Bills Rec. on hand,	889	05
Bills Pay. outstanding,	262	40
Furniture & Fixtures,	100	

* When two personal accounts are affected by a transaction, one a debit and the other a credit, make the journal entry as follows in single entry:

W. W. Rorer & Co.,
J. F. Brown,Dr. 100
Cr. 100

Present your Journal and Cash Book for approval.

Posting. Post the entries from the Journal, then balance and rule the Cash Book and post all items affecting personal accounts. Check over the posting.

Business Results. Make an Inventory of the Resources and Liabilities of the business, using the balances of the Ledger accounts and the amounts of the inventories given by Mr. Burke. The balance of cash you will ascertain from the Cash Book. The difference between the resources and liabilities is Wm. Burke's present capital. Subtract his capital, as shown by his account in the Ledger, and you have the Gain. Present your Inventory of Resources and Liabilities for approval, after which make a neat copy of same on page 15 of the Cash Book.

Changing to Double Entry. Open accounts in the Ledger with Merchandise, Real Estate, Furniture & Fixtures, Bills Receivable and Bills Payable. Post the balances of these accounts as exhibited by the Inventory of Resources and Liabilities. Post the Net Gain to the credit of Wm. Burke's account. Balance and rule his account and bring down the Present Capital. Your books are now in condition to be kept by double entry. Take a trial balance to make certain that you have made no error. Be sure to include the balance of cash on hand in your trial balance. Copy same neatly on page 16 of the Cash Book. Present all books for inspection and approval.

Omissions in Business. In business, when the books have been kept by Single Entry, it is often impossible to obtain a correct inventory of the resources and liabilities at any given time, owing to the incompleteness of that system; and hence the net gain or net loss of the business for that period, and the proprietor's present capital, as shown by the inventory, will not correctly represent the facts. For instance: If a note had been issued, and no record made of it, and the note was unpaid and not thought of at the time of making the inventory, the liabilities would be the amount of the note too small. This omission would have the effect of increasing the net gain or decreasing the net loss, which in turn would make the present capital greater than it should be, or the net insolvency less than it should be. The omission of a resource at the time of making an inventory would have just the opposite effect of the above results.

How Corrected. There are two ways of correcting such omissions. One way is to change the inventory at the time the omission is discovered, and then make the necessary changes in the Ledger. The other and better way is to make such an entry in the Journal, or other principal book, as will cause the account to which the omitted item belonged to show its true relation to the business, and the proprietor's account to show his true present capital, so far as it can be determined at that time. If a resource had been omitted from the inventory, debit the account to which it belonged and credit the proprietor's account; if a liability, debit the proprietor and credit the liability. The advantage of the second method will be apparent when it is stated that several items are liable to be omitted from the inventory; and the omission may not be discovered until some time after the books have been changed to Double Entry. If these items were discovered at different times, as is generally the case, it would necessitate changing the inventory that number of times by the first method, while by the second only so many entries on the Double Entry books would be necessary.

It is necessary to debit or credit the proprietor's account, as the case may be, for the amount of the omitted item, or items, for two reasons: First, to cause his account to show

his true worth at the time of changing the books, and second, to be able to determine the actual gain or loss for the period following the change. This is very important in case a partner had been admitted at the time the books were changed. If the Loss and Gain account had been debited or credited for the omitted items, as is sometimes done, that account would not show the actual gains or losses for the period during which the account remained open, and the new partner would be debited with a greater net loss or credited with a greater net gain than he should be.

Single Entry as practiced in Business. Single entry as practiced in business may be defined as any system of bookkeeping in which an equality of debits and credits is not preserved, thereby making it impossible to take a trial balance. Very often all or nearly all the labor saving forms used in double entry are employed, and accounts with the different kinds of property and allowances are kept, thus enabling the bookkeeper or proprietor to ascertain the sources of the losses and gains, the same as in double entry, the only difference being that it is impossible to apply the test which the trial balance affords in double entry.

QUESTIONS. Define Single Entry. Explain the difference between Double and Single Entry. What are the only records absolutely necessary in Single Entry? Why is it not customary to keep books by the purely single entry method in business? Describe the method of making an entry in the Single Entry Day Book-Journal. Why is it impossible to take a trial balance in single entry? Can you make a balance sheet in Single Entry? How do you change to Double Entry? How can you tell when a set of books is in condition to be kept by Double Entry? How do you ascertain the Net Gain or Net Loss in Single Entry? Which method do you prefer, Single Entry or Double Entry? Give a good reason for your answer to the above. Explain the method of correcting an error or omission in the Inventory of Resources and Liabilities.

DICTIONARY OF COMMERCIAL WORDS AND PHRASES.

- ACCEPTANCE.**—Agreeing to the terms proposed; the acceptor's name written on the face of a bill of exchange or draft, usually with the word "Accepted"; bill of exchange or draft when accepted.
- ACCOMMODATION PAPER.**—Notes or acceptances drawn for the purpose of being discounted, and not founded on an actual sale of goods; notes or bills signed and accepted without consideration; notes drawn by merchants for like amounts and exchanged for their mutual accommodation.
- ACCOUNT CURRENT.**—A running account. A detailed statement of the transactions between two persons or firms, usually expressed in the form of debtor and creditor.
- ACCOUNT SALES.**—An itemized statement of sales and expenses, sent by a commission merchant to his principal. It exhibits the quantities and prices of the goods sold, the commissions and other charges, and the net proceeds.
- ACCURED.**—Interest accumulated and unpaid.
- ACKNOWLEDGE.**—In commercial correspondence, the term by which the receipt of a letter, remittance, or order, is admitted.
- ACKNOWLEDGMENT.**—A formal admission made before an officer, that the act described was voluntarily done. The officer's certificate of the admission is also called an acknowledgment.
- ADMINISTRATOR.**—One who is appointed by the court to settle an estate.
- AD VALOREM.**—According to value. A custom house term, relating to the estimating of duties upon the value of imported goods.
- AFFIDAVIT.**—A written declaration under oath.
- APPRAISAL.**—The act of placing a value on goods.
- ARBITRATION.**—The adjustment of a disputed point by a person or persons chosen by the parties in dispute.
- ASSETS.**—A term commonly used in trade to designate the funds, property, or effects, that is, the stock in trade, cash, and all the available property of a merchant, in contradistinction to his liabilities or obligations.
- ASSIGNEE.**—A person to whom the property of a bankrupt or an insolvent debtor is transferred for the benefit of the insolvent's creditors.
- ASSIGNMENT.**—The act of transferring property to the assignee.
- ATTACHMENT.**—A warrant for the purpose of seizing a man's property.
- AUDITOR.**—One who examines accounts; an officer appointed by the government, or by any corporation, to examine claims upon the treasury, and to investigate the treasurer's accounts.
- AUXILIARY.**—Applied to various account books that are kept as aid to the principal books.
- BALANCE OF TRADE.**—The difference between the value of the commercial imports and exports of any country.
- BANK BOOK.**—A pass book carried by a depositor, in which the teller of a bank records deposits, and in which the bookkeeper enters the paid checks at stated intervals.
- BANK BILLS OR NOTES.**—Promissory notes printed by the government and issued by national banks, payable on demand, and used as money.
- BANKRUPT.**—One who is unable to pay his debts, and who fails in business.
- BILL.**—A statement in writing, as a list of items bought or sold, or of services rendered. The common term applied to a note or draft.
- BILL OF EXCHANGE.**—An order for the payment of money, usually drawn on a person living in a foreign country, the term draft being used to designate bills that are payable in the same country in which they are drawn.
- BILL OF LADING.**—A written account of goods shipped and the conditions of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt.
- BILL OF SALE.**—A writing given by the seller to the buyer, transferring the ownership of personal property.
- BOARD OF TRADE.**—An association of business-men for the regulation and advancement of commercial interests.
- BONDED GOODS.**—Those which are stored in a bonded warehouse, or in bonded cars, the owner having given bonds securing the payment of import duties or of internal revenues, upon their removal, or their arrival at some inland city of entry, and before a specified time.
- BONUS.**—A premium given on a loan, or for any favor shown.
- BROKER.**—An agent who effects sales or purchases or who makes loans and contracts for another. Also a term applied to one who deals in stocks. A broker does not usually have possession of the property which he sells or buys as agent.

BULLION.—Uncoined gold or silver.

BUSINESS.—Exchange of commodities and of commercial values. Also a term representing one's occupation.

CAPITAL.—The investment in business.

CASH SALES.—The sales made for ready money in contradistinction to sales on which credit is given.

CERTIFICATE.—A written voucher attesting to some fact; as a certificate of deposit, a certificate of stock.

CERTIFIED CHECK.—One which has been certified or accepted by the bank on which it is drawn, making the bank responsible for its payment.

CHARTER.—A paper from government defining the rights and privileges of corporations. To hire or let an instrument of transportation; as, a ship, a railway car.

CHATTTEL.—Any kind of property except real estate; as, merchandise, notes and accounts, animals, leases of real estate, etc.

CHECK.—An order on a bank drawn by a depositor.

CLEARING HOUSE.—A kind of banking exchange, established in some of the large cities for the convenience of daily settlements; the drafts and checks on each other are mutually exchanged without the individual presentation of each at the banks, and a balance struck, which balance only is paid in cash.

COLLATERALS.—Pledges of stocks, notes, or chattels, for security of loans and other indebtedness.

COMMERCE.—The business of exchanging commodities between different places; mercantile business in general, as carried on between individuals or companies of different countries, or of the same country; and in a restricted sense, the shipping which belongs to a country.

COMMERCIAL PAPER.—Bills of exchange, drafts, and notes, given in the course of trade.

COMMISSION.—A percentage given for the sale or purchase of goods, or the transaction of other business; the order or authority by which one person transacts business for another.

COMMON LAW.—Law based upon the precedent of usage, and not contained in the statutes enacted by legislative bodies.

COMPANY.—A corporation. A term used in a firm name to designate other partners whose names are not given.

COMPOUND, OR COMPROMISE.—To settle a claim by paying or receiving only a part of the amount. To agree upon a settlement based upon mutual concessions.

CONSIGNEE.—One to whom goods are sent.

CONSUL.—An agent for a government, residing at a seaport in a foreign country, and guarding the commercial interests of his own country.

CONTRA.—On the opposite side.

COPARTNERSHIP.—The joining of two or more persons into one firm for the purpose of carrying on any enterprise. It has the same meaning as partnership.

COPYRIGHT.—The right granted by government to an author to control the publication of any book or work.

COUNTERFEIT.—A spurious bank bill; a forgery.

COUNTING ROOM.—A room in which merchants keep their accounts and transact business.

COUPON.—An interest note or a certificate attached to a bond which is cut off from the bond and collected when due.

COURSE OF EXCHANGE.—The sum merchants pay for bills of exchange to enable them to make remittances from one country to another.

CREDENTIALS.—Testimonials giving authority.

CREDITOR.—One giving credit; one whom we owe.

CURRENCY.—The paper money or the coin which constitutes the circulating medium of a country; that which passes for money in a country.

DAYS OF GRACE.—In some states negotiable promissory notes or bills of exchange, payable at a certain time, are entitled to three days delay beyond the time expressed, which are called days of grace, unless "without grace" is expressed on the paper. These days were so called because they were formerly gratuitously allowed. But now, in some of the states of the United States and in England, they are demanded of right, the custom having passed into law. In a number of states days of grace have been abolished by law.

DEBTOR.—One who owes a debt.

DEED.—A written contract under seal, usually transferring the ownership of real estate.

DEFALCATION.—Deduction or discount. Embezzlement of money by an officer having it in charge.

DEPOSIT.—To commit to the care of another; especially to place money in bank subject to our order.

DISHONOR.—A failure to pay an obligation when due. A failure to accept a draft when presented for acceptance.

DIVIDEND.—The portion allotted to each stockholder in the division of profits.

DOWER.—The right of a widow to a life interest in one-third of all the real estate owned by her husband at any time after their marriage.

DUE BILL.—A brief written acknowledgment of a debt, having the effect of a promissory note.

DUNNING.—Soliciting payment for a debt; or the urgent pressing of the payment of a debt.

EARNEST.—Part of purchase money paid, or part of goods delivered to bind a verbal contract.

EMBEZZLEMENT.—A fraudulent appropriation of money entrusted to one's care.

EMPORIUM.—A commercial center.

ENDORSE, OR INDORSE.—To write one's name on the back of a commercial paper. To receipt a partial payment on the back of a note or bill.

ENGROSS.—To copy in manuscript.

EQUITY.—The science of right and justice, which often corrects the application of law in a particular case.

EXCHANGE.—The giving of one value for another. The process of remitting money values by means of bills and drafts. The discount or premium arising from the purchase or sale of different classes of paper.

EXECUTION.—A written direction given to an officer authorizing him to enforce a judgment. The act of signing and sealing a legal instrument.

FAC SIMILE.—An exact copy.

FREE SIMPLE.—The absolute ownership of real estate.

FINANCIER.—One having charge of the public revenues. One skilled in money matters.

FISCAL.—Pertaining to the public treasury or revenue. As, the fiscal year, meaning a financial year as reckoned by the department of finance.

FIXTURES.—The furnishings of a store or office that are not movable.

FOLIO.—The page of an account book.

FOOTING.—The amount of a column of figures.

FORGERY.—The act of fraudulently writing or altering a written document.

FREE TRADE.—Commerce between nations unrestricted by duties or tariff regulations.

FREIGHT.—Merchandise being transported. The price paid for transportation.

Gauging.—The process of measuring the contents of casks.

GOOD WILL.—The reputation and patronage that pertains to an established business. The good will of a business is very frequently the subject of purchase and sale.

GREENBACKS.—United States notes, as distinct from national bank notes.

GROSS WEIGHT.—Weight of merchandise, including the case or wrapping.

GUARANTEE, OR GUARANTY.—A surety for the performance of a contract, in case the party making the contract fails to keep it. A security against loss.

HONOR.—To accept a draft, or to pay it when due.

INDEMNITY.—Security against loss, such as may occur, or has occurred, by reason of some particular or specified event, as in case of ordinary insurance against loss by fire, etc.

INDENTURE.—A mutual agreement in writing between two or more parties.

INDORSEMENT.—A writing on the back of any commercial paper.

INFRINGEMENT.—To trespass upon the rights of another, especially when granted some special right by law, such as a copyright, a patent, or a trade mark.

INJUNCTION.—A writ or process by which a party is required to do or refrain from doing a special act.

I. O. U.—I owe you—an acknowledgment of indebtedness, by the signer to the holder, for the amount.

INSOLVENCY.—The condition of one who is unable to pay his debts or meet his commercial obligations.

INSTALLMENT.—Part of a sum of money paid or to be paid.

INSTANT.—Referring to the present month; as, the sixth instant means the sixth day of the present or current month. Abbreviated *inst.*

INTESTATE.—Dying without having made a will.

INVENTORY.—A schedule or list of the goods, wares and merchandise generally, credits and assets of a merchant, made out in minute detail, each article being set down separately, and separately valued, usually, according to its then cash value; the whole list being then entered in a book called an inventory book.

INVOICE.—An itemized bill of merchandise bought, sold or shipped.

JOBBER.—A wholesale merchant who buys goods from the importers and manufacturers, and sells to country or other merchants and to retailers.

JOINT STOCK.—Property held in common by a company of men, each of whom is called a stockholder.

JUDGMENT.—The decree of a court enforcing a contract or redressing a wrong.

LAW MERCHANT.—Commercial law, or such customs and usages in commercial transactions,

as being recognized by the higher courts as establishing rules of action, thus acquire the force of law.

LEASE.—The letting of land and other property for hire. The contract for such letting, usually written, but sometimes verbal when the contract terminates within a year.

LEGACY.—A gift of property by will.

LEGAL TENDER.—That kind of money which legally can be offered in payment of a debt.

LETTER OF CREDIT.—A letter, usually addressed to banking houses in foreign cities, authorizing the holder to receive credit for a stated amount. They are used mainly by travelers.

LIABILITIES.—The pecuniary obligations of a merchant, which includes his bills payable and all his other debts.

LICENSE.—Permission or liberty to prosecute business or to sell.

LIEN.—The right of holding or detaining the property of another until some legal claim be satisfied.

LIQUIDATE.—To pay or settle a claim.

MAKER.—The signer of a note.

MANIFEST.—An invoice or schedule of a ship's cargo.

MATURITY.—The date when commercial paper becomes payable.

MERCHANDISE.—In its most comprehensive signification embraces every article dealt in by a merchant.

MONEY.—Any coin or currency lawfully employed as a representative of value in buying and selling.

MONOPOLY.—The sole right to make or sell a certain article. The exclusive control of anything.

MORTGAGE.—The written pledge of real estate or chattels to secure payment of a debt.

NEGOTIABLE.—A term applying to commercial paper, that may be transferred by endorsement, or simply by delivery.

NET.—Clear of all charges. The exact weight or amount after all deductions are counted out.

NET PROCEEDS.—The proceeds of a sale after all expenses are deducted.

NOTARY, OR NOTARY PUBLIC.—An officer who acknowledges deeds and other commercial papers; but whose chief business is to protest paper for non-acceptance and non-payment.

OPEN ACCOUNT.—A running account on a merchant's books, of debits or credits, with an individual or firm.

OPEN POLICY.—One intended to cover all goods shipped by a certain person within a specified time; each special shipment and the amounts of

insurance to be indorsed upon the policy, as the shipments are made.

OUTLAWED.—A term applied to a debt which has run beyond the time when the law will enforce its payment.

OVERDRAWN.—To draw a greater sum than one has to his credit.

PAR.—Equal in value: Any paper is at par when it is worth its face value, without premium or discount.

PAROL.—Oral, not written. Also applied to written contracts not under seal.

PARTNERSHIP.—The association together of two or more persons in any occupation.

PAR VALUE.—The nominal value; usually the printed or written value of any paper.

PASS BOOK.—A book in which a trader enters articles bought on credit. It is usually carried by the purchaser, and is presented for record when the purchases are made.

PATENT.—An official document securing to a person for a term of years, the exclusive right to an invention.

PAWN.—A deposit or pledge, given as security for a loan. The term only applies to chattels or money, and not to real estate.

PAYEE.—The one to whom payment is to be made; especially in whose favor a paper is drawn.

PAYER.—The one who pays or is under obligations to pay.

PERSONAL PROPERTY.—All property except real estate; chattels.

PLAINTIFF.—One who brings a personal action in law against another party who is called the defendant.

POWER OF ATTORNEY.—A written instrument giving an agent authority to act for his principal. An agent thus empowered is called an Attorney in Fact.

PREFERRED STOCK.—Stock taking preference over the ordinary stock of a corporation. A dividend is declared and paid on preferred stock before any can be declared on common stock.

PRIMA FACIE.—At first view. Prima facie evidence is that evidence which is sufficient unless rebutted.

PROMISSORY NOTE.—A written promise to pay a certain sum of money unconditionally, at a specified time.

PRO RATA.—A proportional distribution.

PROTECTIVE TARIFF.—Rates of duty fixed higher than the uniform rates, on certain imported commodities, for the protection of home manufacturers.

PROTEST.—A formal declaration made by a notary public, of the non-payment of a note, or non-acceptance and non-payment of a draft.

QUARANTINE.—Restraint of intercourse to which a ship, dwelling, or town is subjected on account of being infected with some contagious disease.

QUOTATIONS.—The published prices of merchandise, rates of freight, rates of exchange, etc.

RATIFY.—To sanction or approve; usually applied to a principal's approval of an agent's transactions.

REBATE.—A discount, or an allowance from the stipulated price, made in consideration of prompt payment, or for other reasons.

RECEIVER.—A person appointed to take charge of the affairs of a corporation on its dissolution, and to distribute its property according to law.

REMITTANCE.—The act of transmitting money values from one place to another. The value sent is called a remittance.

RESOURCES.—Money, property, or that which can be converted into property; as, claims against other people, either on written or verbal promises.

REVOCATION.—The recall of authority conferred on another; as the revocation of an agency.

SALVAGE.—An allowance made by law to those who save a ship's cargo from a wreck or fire.

SET-OFF.—A counter claim. A claim which the debtor or defendant brings to reduce the claim of a creditor or plaintiff.

SOLVENT.—Being able to pay one's liabilities.

STATEMENT.—A list of resources and liabilities. A report of an agent's transactions sent to his principal. An itemized list of the debits and credits of any personal account; as, monthly statements sent by merchants to their customers.

STATUTE.—A law enacted by a legislature.

STOCKHOLDER.—One who owns shares of the capital stock of a corporation.

SUE.—To bring an action against one in law.

SURETY.—A person who has made himself responsible for the contract of another.

SYNDICATE.—A number of capitalists who unite together to dispose of a large loan, or to conduct some great financial enterprise.

TACIT.—That which is understood or implied.

TARE.—An allowance made for the weight of boxes, barrels, or wrappings of merchandise. The remainder after deducting the tare is called net weight.

TARIFF.—A list of prices; as, a freight tariff. A list of duties or customs on imports or exports.

TELEGRAM.—A dispatch or message received or transmitted by the electric telegraph.

TELLER.—One who receives or counts. A bank officer who receives or pays out money.

TICKLER.—A book containing memorandums of notes and debts, arranged in the order of their maturity.

TRADE DISCOUNT.—A discount from certain list prices, or from the amount of purchases, made to a dealer on account of a change in the prices, or on account of cash payments.

ULTIMO.—The last month preceding the present; as, on the twentieth ultimo, meaning the twentieth of last month. Abbreviated *ult.*

USURY.—Interest in excess of the highest rate allowed by law.

VALID.—A term applied to a contract that is properly executed; that is, legal or binding.

VOID.—Having no legal or binding force.

VOUCHER.—A document or paper proving that some transaction occurred; as, a receipt or a canceled note is a voucher for the payment of money.

WARRANTY.—An agreement to become responsible, if certain facts do not turn out to be as represented.

WAY BILL.—A paper containing a list and description of goods sent by railroad.

WHOLESALE.—To sell goods in quantity; usually, in unbroken or whole packages.

ABBREVIATIONS AND CONTRACTIONS.

<i>a</i> or <i>@</i> (L. <i>ad</i>). To or at.	<i>Capt.</i> Captain.
<i>A.</i> or <i>Ans.</i> Answer.	<i>Cash.</i> Cashier.
<i>A 1.</i> First Class.	<i>C. B.</i> Cash Book.
<i>Acc., Acct.,</i> or <i>¢t.</i> Account.	<i>C. H.</i> Court-House; Custom-House.
<i>Acct. Cur.</i> Account Current.	<i>Cks.</i> Casks.
<i>Acct Sales.</i> Account of Sales.	<i>Clk.</i> Clerk.
<i>Agt.</i> Agent.	<i>Co.</i> Company; County.
<i>Admr.</i> Administrator.	<i>C. O. D.</i> Cash (or Collect) on Delivery.
<i>Adma.</i> Administratrix.	<i>Coll.</i> College; Collector; Colleague.
<i>Adv.</i> Advertisement; Advocate; Advent; Adverb.	<i>Con.</i> (L. <i>contra</i>). Against; In opposition.
<i>Ala.</i> Alabama.	<i>Conn.</i> or <i>Ct.</i> Connecticut.
<i>A. M.</i> (L. <i>Artium Magister</i>). Master of Arts.—(L. <i>Ante Meridiem</i>). Before noon.—(L. <i>Anno Mundi</i>). In the year of the world.	<i>Cor. Sec.</i> Corresponding Secretary.
<i>Am., Amer.</i> America, American.	<i>Cr.</i> Credit; Creditor.
<i>Ami.</i> Amount.	<i>Ct.</i> or <i>ct.</i> Cent.—(L. <i>Centum</i>). A hundred.
<i>Ans.</i> Answer.	<i>Cts.</i> or <i>cts.</i> Cents.
<i>App.</i> Appendix.	<i>Owl.</i> or <i>owl.</i> (L. <i>Centum</i> , 100, and E. <i>weight</i>). A hundred weight.
<i>Apr.</i> April.	<i>D. B.</i> Day Book.
<i>Aris.</i> Arizona Territory.	<i>D. C.</i> District of Columbia.—(It. <i>Da Capo</i>). Again, or From the beginning.
<i>Ark.</i> Arkansas.	<i>d. d.</i> Days after date.
<i>Ass'd</i> Assorted.	<i>Dec.</i> December.
<i>Asst.</i> Assistant.	<i>Del.</i> Delaware; Delegate.
<i>Aug.</i> August.	<i>Dept.</i> Department; Deponent.
<i>Bal.</i> Balance.	<i>Dft.</i> or <i>dft.</i> Draft; Defendant.
<i>Balt.</i> Baltimore.	<i>Disc.</i> Discount.
<i>B. B.</i> Bill Book.	<i>Div.</i> Dividend; Division; Divide; Divided; Divisor.
<i>Bbl.</i> or <i>brl.</i> Barrel, Barrels.	<i>Do. do.</i> or <i>"</i> . (It. <i>Ditto</i>). The same.
<i>Bdls.</i> Bundles.	<i>Doz.</i> or <i>doz.</i> Dozen.
<i>Bgs.</i> Bags.	<i>Dr.</i> Debtor; Doctor.
<i>B. I.</i> British India.	<i>Dray.</i> Drayage.
<i>Bk.</i> Bank; Book.	<i>d. s.</i> Days after sight.
<i>Bkts.</i> Baskets.	<i>ea.</i> Each.
<i>B/L</i> Bill of Lading.	<i>E. and O. E.</i> Errors and omissions excepted.
<i>Blk.</i> Black.	<i>Ed.</i> Editor; Edition.
<i>Bls.</i> Bales.	<i>E. E.</i> Errors excepted.
<i>Bot.</i> Bought.	<i>e. g.</i> (L. <i>exemplis gratia</i>). For example.
<i>Bro't</i> Brought.	<i>Esq.</i> or <i>Esqre.</i> Esquire.
<i>B/S</i> Bill of Sale.	<i>Etc., etc.,</i> or <i>etc.</i> (L. <i>et ceteri, cetera, cetera</i>). And others; and so forth.
<i>Bu.</i> Bushel.	<i>Exch.</i> Exchequer; Exchange.
<i>Bx.</i> Box or Boxes.	<i>Exec.</i> or <i>Exr.</i> Executor.
<i>c. ¢</i> Cents.	<i>Execz.</i> or <i>Ex'z</i> Executrix.
<i>%</i> In care of.	<i>Ex.</i> Express; example.
<i>Cal.</i> California; Calendar.	<i>Exp.</i> Export; Exporter; Expense.
	<i>Feb.</i> February.

- Fir.* or *fr.* Firkin.
Fla. Florida.
Fo. or *Fol.* Folio.
F. O. B. Free on Board.
Fwd Forward.
Fr't Freight.
Ft. or *ft.* Foot; Feet; Fort.
Fth. Fathom.
Fur. or *fur.* Furlong.
Ga. Georgia.
Gal. or *gal.* Gallon; Gallons.
Gr. or *gr.* Grain; Grains.
Hdkf. Handkerchief.
Hf. chs. Half Chests.
Hhd. or *hhd.* Hogshead.
Hon. Honorable.
Hund. Hundred.
I. B. Invoice Book.
I. e. or *ie.* (L. *Id est*). That is.
Il. Illinois.
In. Inch; Inches.
Ind. Indiana; India; Indian; Index.
Ind. T. Indian Territory.
Ins. Insurance.
inst. Instant,—in the present month.
Int. or *int.* Interest.
In trans. (L. *In transitu*). In the passage.
Inv. Invoice.
Inv't. Inventory.
I. O. U. I owe you—an acknowledgment for money.
Jan. January.
Jr. Junior.
Kan. Kansas.
Ky. Kentucky.
Kg. Keg.
L., lb., or *lb.* (L. *Libra*). A pound, in weight.
L., l., or *£.* A pound sterling.
La. Louisiana.
Lat. or *lat.* Latitude.
L/C Letter of Credit.
Led. Ledger.
L. F. Ledger Folio.
L. S. Left side.—(L. *Locus Sigilli*). Place of the Seal.
Man. Manitoba.
Manuf. Manufacture; Manufacturer.
Mar. March; Maritime.
Mass. Massachusetts.
Md. Maryland.
Mdce. Merchandise.
Me. Maine.
Mem. Memorandum.
Messrs. or *MM.* (F. *Messieurs*). Gentlemen; Sirs.
Mich. Michigan.
Minn. Minnesota.
Miss. Mississippi.
Mme. Madame.—*Mmes.* Mesdames.
Mo. Missouri.
Mo. or *mo.* Month.
Mon. Monday.
Mont. Montana.
Mr. Master, or Mister.
Mrs. Mistress, or Missis.
MS. Manuscript.
MSS. Manuscripts.
N. A. North America.
N. B. New Brunswick.—(L. *Nota Bene*). Note well, or take notice.
N. C. North Carolina.
N. Dak. North Dakota.
Neb. Nebraska.
Nev. Nevada.
N. F. New Foundland.
N. H. New Hampshire.
N. J. New Jersey.
N. Mex. New Mexico Territory.
No. or *№.* (L. *Numero*). Number.
Nov. November.
N. P. Notary Public.
N. S. Nova Scotia; New Style (since 1752).
N. Y. New York.
O. Ohio; Old.
%. Per cent.
Oct. October.
O. K. All Correct.
Ont. Ontario.
Oreg. Oregon.
Oz. or *oz.* Ounce or ounces.
P. or *p.* Page; Pint; Pole; Part.
₹. Per.
Pa. Pennsylvania.
Payt. Payment.
Pd. Paid.
Per an. or *per an.* (L. *Per annum*). By the year.
Per cent., per cent., Per ct., or *per ct.* (L. *Per centum*). By the hundred.
Pk. or *pk.* Peck.
Pkg. Package.
P. M. Post Master; (L. *Post Meridiem*). After-noon.
P. O. Post Office.
P. O. D. Pay on Delivery.
P. O. O. Post Office Order.
pp. Pages.
Pr., pr., or *₹.* (L. *per*). By.
prox. Proximo; the next month.
Prem. Premium.
P. S. (L. *Post scriptum*). Postscript.
Pcs. Pieces.
Pub. Public; Publisher.

Pwt. or *pwt.* Pennyweight.
Qr. or *qr.* Quarter (28 pounds); Quire.
Qt. or *qt.* Quart; Quantity.
Recd. Received.
Ret'd Returned.
R. I. Rhode Island.
R. R. Railroad.
§. Dollar; Dollars.
S. A. South America; South Africa.
S. Dak. South Dakota.
Sat. Saturday.
S. B. Sales Book.
S. C. South Carolina; Small Capitals.
Sep. or *Sept.* September.
Shipt. Shipment.
Sr. Senior.
SS. (*L. Scilicet*). Namely.
S. S. Steamship.
St. Saint; Street; Strait.
Str. Steamer.
Sun. or *Sund.* Sunday.
Sunds. Sundries.
Supt. Superintendent.
Tenn. Tennessee.

Tex. Texas.
Thurs. Thursday.
Treas. Treasurer.
Ult., ult., or ulto. (*L. ultimo.*) Last, or of the last month.
U. S. A. United States of America; United States Army.
U. S. M. United States Mail.
Va. Virginia.
Vice Pres. Vice President.
Viz. or *vis.* (*L. videlicet*). Namely; To wit.
Vol. or *vol.* Volume.
Vt. Vermont.
W/B Waybill.
Wash. Washington.
Wed. Wednesday.
W. I. West India; West Indies.
Wis. Wisconsin.
Wt. or *wt.* Weight.
W. Va. West Virginia.
Wyo. Wyoming.
Y. or *Yr.* Year.
Yd. or *yd.* Yard.

BUSINESS FORMS.

FORM 1.

ARTICLES OF COPARTNERSHIP.

Articles of Copartnership, made the first day of March, one thousand eight hundred ninety—, between C. R. Evans, of Woodbury, N. J., of the first part, and Geo. E. Martin, of Philadelphia, Pa., of the second part, witnesseth as follows:

Whereas the parties hereunto, having mutual confidence in each other, do this day form with each other a copartnership under the firm name of C. R. Evans & Co., for the purpose of conducting a general merchandising business at 122-124 Main St., Woodbury, N. J., under the following terms and conditions, to wit:

1. That the said C. R. Evans of the first part shall contribute the entire resources of his late business located at 122-124 Main St., Woodbury, N. J., as per bill of sale executed under even date, less the liabilities which are to be paid by the firm of C. R. Evans & Co., making a total net investment of Seven Thousand Eight Hundred Forty Dollars.

2. The said Geo. E. Martin of the second part shall contribute cash to the amount of Seven Thousand Eight Hundred Forty Dollars.

3. The capital so formed is to be used and enjoyed in common between them for the prosecution and management of said business, to their mutual benefit and advantage.

4. Both parties shall devote their entire time to the business and shall share gains and assets equally, and bear losses equally. Each partner is entitled to draw One Hundred Dollars per month for private use.

In Witness Whereof, the parties hereto have hereunto set their hands and seals, in duplicate, the day and year first above written.

*Signed, sealed and delivered in }
the presence of }*

THOS. H. BETTS.

C. R. EVANS. [L. S.]
GEO. E. MARTIN. [L. S.]

NOTE.—Articles of Copartnership are not executed under seal in all states. You are to conform with the requirements of your state in writing legal forms of any kind. Consult your commercial law text book and the teacher whenever in doubt.

FORM 2.

ARTICLES OF AGREEMENT.

Articles of Agreement, made the first day of April, one thousand eight hundred ninety—, between F. J. Schwartz and Andrew Schwartz, of the firm of F. J. Schwartz & Co., parties of the first part, and A. P. Fenn of the second part, all of Tell City, Indiana, witnesseth as follows:

1. The parties above named have agreed to become copartners in business, and by these presents do agree to be copartners together under and by the firm name of F. J. Schwartz & Co., in the business of merchants and dealers in general merchandise, at the said city of Tell City, State of Indiana, the partnership to commence on the date of this agreement and continue five years, unless sooner dissolved by consent of all the partners.

2. To that end and purpose the said parties of the first part shall contribute the resources of their late business, located at 642 Jefferson Street, as per bill of sale executed under even date

herewith, less the liabilities which are to be paid by the new firm, making a net investment of Thirty Thousand Dollars, of which each invests one half, and the said party of the second part shall contribute Ten Thousand Dollars in cash.

3. At all times during the continuance of their copartnership they and each of them shall give their attendance, and use their and each of their best endeavors, and to the utmost of their skill and power exert themselves for their joint interest, profit, benefit and advantage, and truly employ, buy, sell and merchandise with their joint stock, and the increase thereof in the business aforesaid, and also that they shall and will at all times during the said copartnership bear, pay and discharge equally between them all rents and expenses that may be required for the management and prosecution of said business; and that all gains, profits and increase that shall come, grow or arise from or by means of their said business shall be equally divided between the said partners, and all losses by bad commodities, uncollectible debts or otherwise shall be borne and paid between them equally.

4. Owing to their unequal investments each partner is to be allowed six per cent interest on the sum or sums by him invested, and to be charged six per cent interest on all withdrawals, said interest to be adjusted at the time of closing the books.

5. Each of the parties may draw from the cash of the joint stock One Hundred Fifty Dollars per month for his own use, the same to be charged on account, and none of them shall take any further sum for his own use without the consent of the other partners in writing.

In Witness Whereof, the parties hereto have hereunto set their hands and seals, in duplicate, the day and year first above written.

Signed, sealed and delivered in }
the presence of }
CHAS. M. BRUCKER.

F. J. SCHWARTZ. [SEAL.]

ANDREW SCHWARTZ. [SEAL.]

A. P. FENN. [SEAL.]

NOTE.—Read note under form 1.

FORM 3.

QUIT-CLAIM DEED.

This Indenture, made the first day of May, in the year of our Lord one thousand eight hundred ninety—, between J. B. Luckey (unmarried) and W. V. Chambers (unmarried) of the city of Louisville, County of Jefferson and State of Kentucky, of the first part, and Chas. F. Grainger of the same place, of the second part.

Witnesseth, That the said parties of the first part, in consideration of the sum of Three Thousand Two Hundred Fifty Dollars (\$3250) to them in hand paid by the said party of the second part, the receipt of which is hereby confessed and acknowledged, have bargained, sold, remised and quit-claimed, and by these presents do bargain, sell, remise and quit-claim unto the said party of the second part and to his heirs and assigns forever, all that tract and parcel of land situate in the city of Louisville, County of Jefferson and State of Kentucky, and more particularly distinguished as lots numbers sixteen (16) and seventeen (17) as laid down in the original plat of the city of Louisville, Ky. Said lots are situate on the south side of Main street, and are seventy (70) feet in width front and rear, and are one hundred sixty (160) feet deep. Together with all and singular the hereditaments and appurtenances thereto belonging, or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim and demand whatsoever, of the said parties of the first part, either in law or equity, of, in and to the above bargained premises, with the said hereditaments and appurtenances, to have and to hold the said premises to the said party of the second part, his heirs and assigns, to the sole and proper benefit and behoof of the said party of the second part, his heirs and assigns forever.

In Witness Whereof, *The parties of the first part have hereunto set their hands and seals the day and year first above written.*

Signed, sealed and delivered in }
the presence of }
G. P. WEEDMAN.

J. B. LUCKEY. [SEAL.]
W. V. CHAMBERS. [SEAL.]

NOTE.—Whenever required the acknowledgment is the same as in a warranty deed. (See form 100 on your Voucher File.)

FORM 4.

BILL OF SALE.

Know All Men by These Presents, That we, C. O. Dinwiddie and Chas. T. Platt, of the city of Rochester, County of Monroe, and State of New York, of the firm of C. O. Dinwiddie & Co., parties of the first part, in consideration of the sum of Nine Thousand Dollars to us in hand paid by Jno. R. Cassel, of the firm of C. O. Dinwiddie & Co., of the city, county, and state aforesaid, of the second part, the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do grant and convey, unto the said party of the second part, our interest in the following resources of the firm of C. O. Dinwiddie & Co., to wit: Cash on deposit in the Merchants Bank, \$10000; note drawn by Geo. Smith, \$500; note drawn by Edwyn Leibfreed, \$400; amount due from Frank E. Schwartz, \$280; amount due from Jno. D. Malone, \$640; amount due from Jas. S. Wilson & Son, \$325; shipment made to Grainger & Co., Louisville, Ky., \$625; shipment made to Brown & Co., Philadelphia, \$392; making a total of Thirteen Thousand One Hundred Sixty-two Dollars (\$13162). On condition that the said party of the second part assumes the following liabilities of the firm of C. O. Dinwiddie & Co., to wit: Note drawn by the firm of C. O. Dinwiddie & Co., favor of Ferd. Becker, \$1500; amount due R. C. Howell, \$1000; amount due Philip Smith & Co., \$500; amount due Theo. Schwartz, \$1162; making a total of Four Thousand One Hundred Sixty-two Dollars.

To Have and to Hold the same unto the said party of the second part and his legal representatives forever.

The said parties of the first part hereby covenant and agree to and with the said party of the second part that they are possessed of the full right and title to their interest in the property hereby conveyed, and that they will warrant and defend the same in the quiet and peaceful possession of the said party of the second part against the lawful claims of all persons whomsoever.

In Witness Whereof, we have hereunto set our hands and seals this first day of May, in the year of our Lord one thousand eight hundred ninety —.

C. O. DINWIDDIE. [SEAL.]
CHAS. T. PLATT. [SEAL.]

FORM 5.

PARTNERSHIP AGREEMENT.

Articles of Agreement, made the tenth day of May, one thousand eight hundred ninety —, between J. W. Graves, of Galveston, Texas, of the first part, and L. W. Warrick, of the same place, of the second part, witnesseth as follows:

1. The parties above named have agreed to become copartners in business, and by these presents do agree to be copartners together, under and by the firm name of J. W. Graves & Co., in the business of merchants and dealers in groceries, at the said city of Galveston, the partnership to commence on the date of this agreement and to continue until dissolved by mutual consent of the partners.

2. To that end and purpose the said party of the first part shall contribute the cash and other resources and the good will of his late business located at 640 Chestnut Street, amounting to Ten Thousand Two Hundred Eighty Dollars (\$10280), out of which the liabilities of the said business, amounting to Three Thousand Dollars (\$3000) are to be paid, making a net investment of Seven Thousand Two Hundred Eighty Dollars (\$7280), as per bill of sale executed on even date herewith. And the said party of the second part shall contribute his share of the resources of the late firm of C. W. Hammond & Co., amounting to Eleven Thousand One Hundred Eighty Dollars (\$11180), out of which the liabilities of the late firm, amounting to Three Thousand Nine Hundred Dollars (\$3900), shall be paid, making a net investment of Seven Thousand Two Hundred Eighty Dollars (\$7280), as per bill of sale executed on even date herewith; the capital so formed to be used in common between them for the prosecution and management of the said business to their mutual benefit and advantage.

3. And it is agreed by and between the said parties that if any of the resources invested by either of the partners shall prove worthless in full or in part, such worthless resources shall be charged to the partner investing same.

4. Each of the partners may draw from the cash of the firm the sum of Twenty-five Dollars (\$25) per week for his private use, and neither of them shall take any further sum for his own separate use without the consent of the other in writing; and any such further sum, taken with such consent, shall draw interest at the rate of six per cent. per annum, and shall be payable, together with the interest due, within one month after notice in writing given by the other party requiring such payment.

5. The said parties shall share gains, losses and assets equally.

6. The said party of the first part shall devote his time to the management of the store, make the purchases, and give the remainder of his time and attention to the business as salesman, and the said party of the second part shall devote his time and attention to the business as salesman and shall keep the books of account, to which both parties shall have access at all times.

In Witness Whereof, the parties hereto have hereunto set their hands and seals, in duplicate, the day and year first above written.

Signed, sealed and delivered in
the presence of

R. D. McCoy.

J. W. GRAVES. [SEAL.]
L. W. WARRICK. [SEAL.]

FORMS OF ENDORSEMENT.

(Blank).

JAMES W. MOODY.

(Full).

Pay to the order of Erastus F. Jones.
JAMES W. MOODY.

(For Money Paid).

\$150.00. Received on the within note
One Hundred and Fifty Dollars.
Oct. 15, 189-.

(Without Recourse).

Pay to Henry Sherwood, or order, without
recourse.

JAMES W. MOODY.

(For Collection).

Pay to Seventh National Bank, Green
Island, for collection.

JAMES W. MOODY.

INDEX.

- Abbreviations and contractions, 113 to 115.
Abstract sales book, 90.
Acceptance, 52, 69.
Account, 1.
Accounts classified, 30, 88, 92.
Account sales, 81, 82, 83.
Allowance accounts, 55.
Appendix, 99.
Articles of copartnership, 64, 76, 87.
Assignment, 85.
Bank account, 25.
Balance sheet, 34, 36, 39, 62, 75, 84.
Bank draft, 52, 53.
Bill of sale, 64, 76, 87.
Bill book, 78, 79.
Bills receivable, 22.
Bills payable, 23, 24.
Blotter, 1.
Bookkeeping, 1.
Bond, 94.
Business results, 7, 101, 103, 106.
Cash account, 9, 10, 41, 44, 104.
Cash book, 41, 42, 43, 88, 89, 104, 105.
Cash sales, 16, 18, 47, 91.
Cashier's statement, 95.
Cash tickets, 91.
Changing from single to double entry, 101, 106.
Checks, 26, 28, 44.
Closing accounts, 36, 37, 38, 39, 63.
Commercial paper, 54.
Commission, 76.
Commission merchants, 76.
Consignments, 77, 81, 83.
Customers' ledger, 92, 93.
Day book, 1, 101, 102.
Day book-journal, 1, 2, 3.
Deed, 64, 76.
Deposit, 25.
Deposit ticket, 25.
Dictionary of commercial terms, 108.
Double entry, 1 to 99.
Drafts, 50, 51, 53, 60.
Endorsements (*see indorsements*).
Errors in trial balances, 49, 50.
Errors, correction of, 50, 106.
Expense account, 17, 99.
Gain, net, how found, 35, 101, 106.
Good will, 87.
Indorsements, 28, 85, 119.
Interest and discount, 54, 55.
Interest on partners' accounts, 83.
Inventory of resources and liabilities, 33, 34, 39, 99, 101, 106.
Inventory of property, 14, 33, 34, 62, 75, 84.
Invoice book, 66, 67.
Investments, 14, 64, 76, 87.
Invoice of shipment, 77, 80.
Journalizing, 1.
Ledger, 1, 4, 5, 38, 93.
Letters, 57, 61, 72.
Liabilities, 18.
Loss & Gain account, 36, 37, 38.
Loss, net, how found, 35, 99, 101, 106.
Merchandise account, 14, 15.
Merchandise inventory, 33, 39, 62, 75, 84, 98.
Merchandise discounts, 68, 69, 70.
Monthly statements, 62, 84.
Notes, 22, 23, 24.
Notes discounted, 56, 57, 60.
Note ledger, 78, 79.
Notice of dissolution, 86.
Orders, classified, 50.
Order book, 91, 92.
Omissions corrected, 106.
Partners' accounts, 86.
Partnership dissolution, 85, 86.
Partnership agreement, 64, 76, 87.
Partnerships, 64, 76, 85, 87.
Pass book, 25, 93.
Personal accounts, 4, 5, 18, 19.
Power of attorney, 9.
Posting, 1, 3, 8, 29, 47, 49, 58, 62, 68, 70, 75, 78, 80, 82, 84, 88, 101, 103, 106.
Principal's account, 83.
Proprietor's account, 10, 11.
Proving cash, 46, 48, 58, 62.
Quit-claim deed, 85.
Real estate, 64.
Receipts, 16, 18, 21.
Red ink, use of, 10, 11.
Reports, 21, 26.
Resources, 9.
Ruling, 6, 10, 19.
Rules for debiting and crediting, 1, 9, 10, 14, 17, 18, 22, 23, 51, 52, 55, 99.
Sales book, 65.
Sales tickets, 90.
Single entry, 1, 99 to 108.
Single entry as practiced in business, 107.
Shipments, 77, 80, 81.
Shipping receipt, 58.
Statements, monthly, 32, 62, 75, 84.
Stock certificate, 72, 85.
Terms of sale, 65, 66, 71.
Ticket system, 91.
Trial balance, 6, 7, 33, 49, 62, 75, 84, 89, 99.
Trial balance errors, 49.

Acme Library Card Pocket
Under Pat. "Ref. Index File"

Made by Library Bureau

530 ATLANTIC AVE., BOSTON

Keep Your Card in this Pocket

